

CONFERENCE COMMITTEE REPORT

BILL TEXT

H.B. No. 3

A BILL TO BE ENTITLED

AN ACT

relating to public school finance and public education; creating a criminal offense; authorizing the imposition of a fee.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

ARTICLE 1. PUBLIC SCHOOL FINANCE

SECTION 1.001. Subchapter D, Chapter 11, Education Code, is amended by adding Section 11.184 to read as follows:

Sec. 11.184. EFFICIENCY AUDIT. (a) For purposes of this section, "efficiency audit" means an investigation of the operations of a school district to examine fiscal management, efficiency, and utilization of resources.

(b) Except as provided by Subsection (b-1), the board of trustees of a school district shall conduct an efficiency audit before seeking voter approval to adopt a tax rate for the maintenance and operations of the district at an election held for that purpose and may not hold the election without complying with this section.

(b-1) The board of trustees of a school district all or part of which is located in an area declared a disaster area by the governor under Chapter 418, Government Code, may hold an election to seek voter approval to adopt a maintenance and operations tax rate during the two-year period following the date of the declaration without conducting an efficiency audit otherwise required under this section.

1 (c) A school district must pay for the costs associated with
2 an efficiency audit required under this section.

3 (d) The board of trustees of a school district must select
4 an auditor to conduct an efficiency audit under this section not
5 later than four months before the date on which the district
6 proposes to hold an election to adopt a maintenance and operations
7 tax rate.

8 (e) The board of trustees of a school district may select
9 for purposes of Subsection (d) the auditor that conducts the
10 district's annual audit under Section 44.008 and may include the
11 efficiency audit as part of the district's annual audit.

12 (f) The Legislative Budget Board shall establish guidelines
13 identifying the scope and areas of investigation of an efficiency
14 audit, including identification of resources being used
15 effectively and efficiently and identification of cost savings or
16 reallocations. The Legislative Budget Board may consult with the
17 agency to identify areas in which school districts in this state
18 have a demonstrated history of effectively utilizing resources to
19 improve student achievement and achieve cost savings. The auditor
20 selected by the board of trustees of a school district must follow
21 the guidelines established by the Legislative Budget Board under
22 this subsection.

23 (g) An auditor selected by the board of trustees of a school
24 district must maintain independence from the district and complete
25 the efficiency audit not later than three months after the date the
26 auditor was selected.

27 (h) Before an election at which a school district seeks

1 voter approval to adopt a tax rate the board of trustees of the
2 school district must hold an open meeting to discuss the results of
3 the efficiency audit conducted under this section. Not later than
4 30 days before the date of the election, the results of an
5 efficiency audit conducted under this section must be posted on the
6 school district's Internet website.

7 (i) A school district shall provide all documents, records,
8 and personnel requested by the auditor as needed to conduct the
9 audit in an efficient manner.

10 SECTION 1.002. Section 12.106, Education Code, is amended
11 by amending Subsections (a), (a-1), and (a-2) and adding
12 Subsections (a-3) and (a-4) to read as follows:

13 (a) A charter holder is entitled to receive for the
14 open-enrollment charter school funding under Chapter 48 [~~42~~] equal
15 to the amount of funding per student in weighted average daily
16 attendance, excluding the adjustment under Section 48.052, the
17 funding under Sections 48.101, 48.110, 48.111, and 48.112, and
18 enrichment funding under Section 48.202(a) [42.302(a)], to which
19 the charter holder would be entitled for the school under Chapter 48
20 [42] if the school were a school district without a tier one local
21 share for purposes of Section 48.266 [42.253].

22 (a-1) In determining funding for an open-enrollment charter
23 school under Subsection (a), the amount of the allotment under
24 Section 48.102 is based solely on the basic allotment to which the
25 charter holder is entitled and does not include any amount based on
26 the allotment under Section 48.101[+]

27 [(-1) adjustments under Sections 42.102, 42.104, and

1 ~~42.105 are based on the average adjustment for the state, and~~
2 ~~[(2) the adjustment under Section 42.103 is based on~~
3 ~~the average adjustment for the state that would have been provided~~
4 ~~under that section as it existed on January 1, 2018].~~

5 (a-2) In addition to the funding provided by Subsection (a),
6 a charter holder is entitled to receive for the open-enrollment
7 charter school an allotment per student in average daily attendance
8 in an amount equal to the difference between:

9 (1) the product of:

10 (A) the quotient of:

11 (i) the total amount of funding provided to
12 eligible school districts under Section 48.101(b) or (c); and

13 (ii) the total number of students in
14 average daily attendance in school districts that receive an
15 allotment under Section 48.101(b) or (c); and

16 (B) the sum of one and the quotient of:

17 (i) the total number of students in average
18 daily attendance in school districts that receive an allotment
19 under Section 48.101(b) or (c); and

20 (ii) the total number of students in
21 average daily attendance in school districts statewide; and

22 (2) \$125.

23 (a-3) In addition to the funding provided by Subsections
24 [Subsection] (a) and (a-2), a charter holder is entitled to receive
25 for the open-enrollment charter school enrichment funding under
26 Section 48.202 [42.302] based on the state average tax effort.

27 (a-4) In addition to the funding provided by Subsections

1 (a), (a-2), and (a-3), a charter holder is entitled to receive
2 funding for the open-enrollment charter school under Sections
3 48.110 and 48.112 and Subchapter D, Chapter 48, if the charter
4 holder would be entitled to the funding if the school were a school
5 district.

6 SECTION 1.003. Section 13.054(f), Education Code, is
7 amended to read as follows:

8 (f) For five years beginning with the school year in which
9 the annexation occurs, a school district shall receive additional
10 funding under this subsection or Subsection (h). The amount of
11 funding shall be determined by multiplying the lesser of the
12 enlarged district's local fund assignment computed under Section
13 48.256 [42.252] or the enlarged district's total cost of tier one by
14 a fraction, the numerator of which is the number of students
15 residing in the territory annexed to the receiving district
16 preceding the date of the annexation and the denominator of which is
17 the number of students residing in the district as enlarged on the
18 date of the annexation, and dividing the resulting product by the
19 state compression percentage, as determined under Section 48.255.

20 SECTION 1.004. (a) Effective September 1, 2019, Section
21 25.084(b), Education Code, is amended to read as follows:

22 (b) The operation of schools year-round by a district does
23 not affect the amount of state funds to which the district is
24 entitled under Chapter 48 [42].

25 (b) Effective September 1, 2020, Section 25.084, Education
26 Code, is amended by amending Subsection (b) and adding Subsection
27 (c) to read as follows:

1 (b) Except as provided by Subsection (c), the [The]
2 operation of schools year-round by a district does not affect the
3 amount of state funds to which the district is entitled under
4 Chapter 48 [42].

5 (c) A district that adopts a year-round system under this
6 section may receive the incentive aid under Section 48.0051 if the
7 district meets the criteria for receiving the incentive under that
8 section.

9 SECTION 1.005. Section 30.003, Education Code, is amended
10 by amending Subsection (f-1) and adding Subsection (f-2) to read as
11 follows:

12 (f-1) The commissioner shall determine the total amount
13 that the Texas School for the Blind and Visually Impaired and the
14 Texas School for the Deaf would have received from school districts
15 in accordance with this section if the following provisions had not
16 reduced the districts' share of the cost of providing education
17 services:

18 (1) H.B. No. 1, Acts of the 79th Legislature, 3rd
19 Called Session, 2006;

20 (2) Section 45.0032; and

21 (3) Section 48.255.

22 (f-2) The amount determined under Subsection (f-1), [had
23 ~~not reduced the districts' share of the cost of providing education~~
24 ~~services. That amount,~~] minus any amount the schools do receive
25 from school districts, shall be set aside as a separate account in
26 the foundation school fund and appropriated to those schools for
27 educational purposes.

SECTION 1.006. Section 44.004, Education Code, is amended by amending Subsections (c) and (e) and adding Subsection (c-2) to read as follows:

(c) The notice of public meeting to discuss and adopt the budget and the proposed tax rate may not be smaller than one-quarter page of a standard-size or a tabloid-size newspaper, and the headline on the notice must be in 18-point or larger type. Subject to Subsection (d), the notice must:

(1) contain a statement in the following form:

"NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

"The (name of school district) will hold a public meeting at (time, date, year) in (name of room, building, physical location, city, state). The purpose of this meeting is to discuss the school district's budget that will determine the tax rate that will be adopted. Public participation in the discussion is invited." The statement of the purpose of the meeting must be in bold type. In reduced type, the notice must state: "The tax rate that is ultimately adopted at this meeting or at a separate meeting at a later date may not exceed the proposed rate shown below unless the district publishes a revised notice containing the same information and comparisons set out below and holds another public meeting to discuss the revised notice.";

(2) contain a section entitled "Comparison of Proposed Budget with Last Year's Budget," which must show the difference, expressed as a percent increase or decrease, as applicable, in the amounts budgeted for the preceding fiscal year and the amount budgeted for the fiscal year that begins in the current tax year for

each of the following:

(A) maintenance and operations;

(B) debt service; and

(C) total expenditures;

(3) contain a section entitled "Total Appraised Value and Total Taxable Value," which must show the total appraised value and the total taxable value of all property and the total appraised value and the total taxable value of new property taxable by the district in the preceding tax year and the current tax year as calculated under Section 26.04, Tax Code;

(4) contain a statement of the total amount of the outstanding and unpaid bonded indebtedness of the school district;

(5) contain a section entitled "Comparison of Proposed Rates with Last Year's Rates," which must:

(A) show in rows the tax rates described by Subparagraphs (i)-(iii), expressed as amounts per \$100 valuation of property, for columns entitled "Maintenance & Operations," "Interest & Sinking Fund," and "Total," which is the sum of "Maintenance & Operations" and "Interest & Sinking Fund":

(i) the school district's "Last Year's Rate";

(ii) the "Rate to Maintain Same Level of Maintenance & Operations Revenue & Pay Debt Service," which:

(a) in the case of "Maintenance & Operations," is the tax rate that, when applied to the current taxable value for the district, as certified by the chief appraiser under Section 26.01, Tax Code, and as adjusted to reflect changes

1 made by the chief appraiser as of the time the notice is prepared,
2 would impose taxes in an amount that, when added to state funds to
3 be distributed to the district under Chapter 48 [~~42~~], would provide
4 the same amount of maintenance and operations taxes and state funds
5 distributed under Chapter 48 [~~42~~] per student in average daily
6 attendance for the applicable school year that was available to the
7 district in the preceding school year; and

8 (b) in the case of "Interest & Sinking
9 Fund," is the tax rate that, when applied to the current taxable
10 value for the district, as certified by the chief appraiser under
11 Section 26.01, Tax Code, and as adjusted to reflect changes made by
12 the chief appraiser as of the time the notice is prepared, and when
13 multiplied by the district's anticipated collection rate, would
14 impose taxes in an amount that, when added to state funds to be
15 distributed to the district under Chapter 46 and any excess taxes
16 collected to service the district's debt during the preceding tax
17 year but not used for that purpose during that year, would provide
18 the amount required to service the district's debt; and

19 (iii) the "Proposed Rate";

20 (B) contain fourth and fifth columns aligned with
21 the columns required by Paragraph (A) that show, for each row
22 required by Paragraph (A):

23 (i) the "Local Revenue per Student," which
24 is computed by multiplying the district's total taxable value of
25 property, as certified by the chief appraiser for the applicable
26 school year under Section 26.01, Tax Code, and as adjusted to
27 reflect changes made by the chief appraiser as of the time the

notice is prepared, by the total tax rate, and dividing the product by the number of students in average daily attendance in the district for the applicable school year; and

(ii) the "State Revenue per Student," which is computed by determining the amount of state aid received or to be received by the district under Chapters ~~[42]~~ 43, ~~[and]~~ 46, and 48 and dividing that amount by the number of students in average daily attendance in the district for the applicable school year; and

(C) contain an asterisk after each calculation for "Interest & Sinking Fund" and a footnote to the section that, in reduced type, states "The Interest & Sinking Fund tax revenue is used to pay for bonded indebtedness on construction, equipment, or both. The bonds, and the tax rate necessary to pay those bonds, were approved by the voters of this district.";

(6) contain a section entitled "Comparison of Proposed Levy with Last Year's Levy on Average Residence," which must:

(A) show in rows the information described by Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns entitled "Last Year" and "This Year":

(i) "Average Market Value of Residences," determined using the same group of residences for each year;

(ii) "Average Taxable Value of Residences," determined after taking into account the limitation on the appraised value of residences under Section 23.23, Tax Code, and after subtracting all homestead exemptions applicable in each year, other than exemptions available only to disabled persons or persons 65 years of age or older or their surviving spouses, and using the

1 same group of residences for each year;

2 (iii) "Last Year's Rate Versus Proposed
3 Rate per \$100 Value"; and

4 (iv) "Taxes Due on Average Residence,"
5 determined using the same group of residences for each year; and

6 (B) contain the following information: "Increase
7 (Decrease) in Taxes" expressed in dollars and cents, which is
8 computed by subtracting the "Taxes Due on Average Residence" for
9 the preceding tax year from the "Taxes Due on Average Residence" for
10 the current tax year;

11 (7) contain the following statement in bold print:
12 "Under state law, the dollar amount of school taxes imposed on the
13 residence of a person 65 years of age or older or of the surviving
14 spouse of such a person, if the surviving spouse was 55 years of age
15 or older when the person died, may not be increased above the amount
16 paid in the first year after the person turned 65, regardless of
17 changes in tax rate or property value.";

18 (8) contain the following statement in bold print:
19 "Notice of Rollback Rate: The highest tax rate the district can
20 adopt before requiring voter approval at an election is (the school
21 district rollback rate determined under Section 26.08, Tax Code).
22 This election will be automatically held if the district adopts a
23 rate in excess of the rollback rate of (the school district rollback
24 rate)."; and

25 (9) contain a section entitled "Fund Balances," which
26 must include the estimated amount of interest and sinking fund
27 balances and the estimated amount of maintenance and operation or

1 general fund balances remaining at the end of the current fiscal
2 year that are not encumbered with or by corresponding debt
3 obligation, less estimated funds necessary for the operation of the
4 district before the receipt of the first payment under Chapter 48
5 [42] in the succeeding school year.

6 (c-2) The notice described by Subsection (c) must include a
7 statement that a school district may not increase the district's
8 maintenance and operations tax rate to create a surplus in
9 maintenance and operations tax revenue for the purpose of paying
10 the district's debt service.

11 (e) A person who owns taxable property in a school district
12 is entitled to an injunction restraining the collection of taxes by
13 the district if the district has not complied with the requirements
14 of Subsections (b), (c), (c-1), (c-2), and (d), and, if applicable,
15 Subsection (i), and the failure to comply was not in good faith. An
16 action to enjoin the collection of taxes must be filed before the
17 date the ~~[school]~~ district delivers substantially all of its tax
18 bills.

19 SECTION 1.007. Subchapter A, Chapter 45, Education Code, is
20 amended by adding Section 45.0021 to read as follows:

21 Sec. 45.0021. RESTRICTION ON MAINTENANCE TAX LEVY. (a) A
22 school district may not increase the rate of the district's
23 maintenance taxes described by Section 45.002 to create a surplus
24 in maintenance tax revenue for the purpose of paying the district's
25 debt service.

26 (b) A person who owns taxable property in a school district
27 is entitled to an injunction restraining the collection of taxes by

1 the district if the district adopts a maintenance tax rate in
2 violation of Subsection (a). An action to enjoin the collection of
3 taxes must be filed before the date the district delivers
4 substantially all of the district's tax bills.

5 SECTION 1.008. Section 45.003, Education Code, is amended
6 by adding Subsections (b-1) and (d-1) and amending Subsections (d)
7 and (f) to read as follows:

8 (b-1) The ballot proposition under Subsection (b) must
9 include the following statement: "THIS IS A PROPERTY TAX INCREASE."

10 (d) A proposition submitted to authorize the levy of
11 maintenance taxes must include the question of whether the
12 governing board or commissioners court may levy, assess, and
13 collect annual ad valorem taxes for the further maintenance of
14 public schools, at a rate not to exceed the rate stated in the
15 proposition. For any year, the maintenance tax rate per \$100 of
16 taxable value adopted by the district may not exceed the rate equal
17 to the sum of \$0.17 and the product of the state compression
18 percentage, as determined under Section 48.255 [~~42.2516~~],
19 multiplied by \$1.00 [~~\$1.50~~].

20 (d-1) Except as otherwise provided by this subsection or
21 Section 26.08(a-1), Tax Code, if the rollback tax rate of a school
22 district under Section 26.08(n), Tax Code, for the 2019 tax year
23 exceeds \$1.04 per \$100 of taxable value, the district may not adopt
24 a maintenance and operations tax rate for the 2019 tax year that
25 exceeds the district's rollback rate. A school district that,
26 before January 1, 2019, adopted a strategic plan through action
27 taken by the board of trustees in a public meeting that proposed a

1 maintenance and operations tax rate for the 2019 tax year that
2 exceeds the rate permitted under this subsection may, subject to
3 voter approval, adopt the rate proposed in the plan minus the amount
4 by which the district is required to reduce the district's
5 enrichment tax rate under Section 48.202(f). This subsection
6 expires September 1, 2020.

(f) Notwithstanding any other law, a district that levied a
 maintenance tax for the 2005 tax year at a rate greater than \$1.50
 per \$100 of taxable value in the district as permitted by special
 law may not levy a maintenance tax at a rate that exceeds the rate
 per \$100 of taxable value that is equal to the sum of:

- (1) \$0.17; and
- (2) the product of 66.67 percent [the state
compression percentage, as determined under Section 42.2516,
multiplied by the rate of the maintenance tax levied by the district
for the 2005 tax year, minus the amount by which \$1.00 exceeds the
product of the state compression percentage, as determined under
Section 48.255, multiplied by \$1.00.

SECTION 1.009. Subchapter A, Chapter 45, Education Code, is
 amended by adding Section 45.0032 to read as follows:

Sec. 45.0032. COMPONENTS OF MAINTENANCE AND OPERATIONS TAX.

(a) A school district's tier one maintenance and operations tax
rate is the number of cents levied by the district for maintenance
and operations that does not exceed the product of the state
compression percentage, as determined under Section 48.255,
multiplied by \$1.00.

(a-1) This subsection applies to a school district with a

tier one maintenance and operations tax rate for the 2018-2019 school year that was less than \$1.00 per \$100 of taxable value. For purposes of determining a school district's tier one maintenance and operations tax rate under Subsection (a) for the 2019-2020 school year, the state compression percentage, as determined under Section 48.255, is applied to the number of cents levied by the district for the 2018-2019 school year for maintenance and operations that does not exceed \$1.00. This subsection expires September 1, 2020.

(b) A district's enrichment tax rate consists of:

(1) any cents of additional maintenance and operations tax effort, not to exceed eight cents over the maximum tax rate described by Subsection (a); and

(2) any cents of additional maintenance and operations tax effort that exceeds the sum of the maximum tax rate described by Subsection (a) and the maximum number of cents permitted under Subdivision (1).

(c) For a district to which Section 45.003(f) applies, any cents of maintenance and operations tax effort that exceeds the maximum rate permitted under Section 45.003(d) are not included in the district's tier one maintenance and operations tax rate under Subsection (a) or the district's enrichment tax rate under Subsection (b), and the district is not entitled to the guaranteed yield amount of state funds under Section 48.202 for those cents of tax effort.

(d) For a district to which Section 26.08(a-1), Tax Code, applies, the amount by which the district's maintenance tax rate

1 exceeds the district's rollback tax rate for the preceding year is
2 not considered in determining a district's tier one maintenance and
3 operations tax rate under Subsection (a) or the district's
4 enrichment tax rate under Subsection (b) for the current tax year.

5 (e) For the 2019 tax year, Section 48.202(f) applies to a
6 district's maintenance and operations tax rate after adjusting the
7 district's rate in accordance with this section. This subsection
8 expires September 1, 2020.

9 SECTION 1.010. Subtitle I, Title 2, Education Code, is
10 amended by adding Chapter 47 to read as follows:

11 CHAPTER 47. TAX REDUCTION AND EXCELLENCE IN EDUCATION FUND

12 Sec. 47.001. DEFINITION. In this chapter, "fund" means the
13 tax reduction and excellence in education fund.

14 Sec. 47.002. FUND ESTABLISHED. (a) The tax reduction and
15 excellence in education fund is a special fund in the state treasury
16 outside the general revenue fund.

17 (b) The fund consists of:

18 (1) money appropriated by the legislature for deposit
19 to the credit of the fund;

20 (2) gifts to the state for the purposes of the fund;
21 and

22 (3) money directed by law for deposit to the credit of
23 the fund.

24 Sec. 47.003. USES OF FUND. Except as otherwise provided by
25 this chapter, money in the fund may be appropriated only:

26 (1) to pay the cost of tier one allotments under
27 Chapter 48; or

1 (2) for the purpose of reducing school district
2 maintenance and operations ad valorem tax rates.

3 Sec. 47.004. DEPOSIT OF CERTAIN MONEY DEDICATED FOR SCHOOL
4 DISTRICT AD VALOREM TAX RATE REDUCTION. (a) The comptroller shall
5 deposit to the credit of the fund money that Section 49-g, Article
6 III, Texas Constitution, dedicates to the purpose of reducing
7 school district maintenance and operations ad valorem tax rates.

8 (b) Money deposited to the fund under this section may be
9 appropriated from the fund only for the purpose described by
10 Section 47.003(2).

11 Sec. 47.005. CERTAIN MONEY DISTRIBUTED TO AVAILABLE SCHOOL
12 FUND. (a) Of the money distributed to the available school fund
13 each year under Section 5(g), Article VII, Texas Constitution, the
14 amount that exceeds the first \$300 million is considered part of the
15 tax reduction and excellence in education fund.

16 (b) Money considered part of the fund as described by
17 Subsection (a) may be appropriated only to pay the cost of tier one
18 allotments under Chapter 48.

19 Sec. 47.006. DEPOSIT OF MONEY BASED ON CERTAIN SALES AND USE
20 TAX COLLECTIONS. (a) The comptroller shall deposit to the credit
21 of the fund on or before the fifth business day after the end of each
22 month an amount of general revenue equal to the amount of state
23 sales and use tax revenue collected by marketplace providers on
24 sales of taxable items made through the marketplace under Section
25 151.0242, Tax Code, and remitted to this state during the preceding
26 month, less any amount of that revenue the comptroller estimates
27 would have been collected and remitted if Section 151.0242 were not

1 law.

2 (b) Money deposited to the fund under this section may be
3 appropriated from the fund only for the purpose described by
4 Section 47.003(2).

5 SECTION 1.011. Subtitle I, Title 2, Education Code, is
6 amended by adding Chapter 48, and a heading is added to that chapter
7 to read as follows:

8 CHAPTER 48. FOUNDATION SCHOOL PROGRAM

9 SECTION 1.012. Chapter 48, Education Code, as added by this
10 Act, is amended by adding Subchapter A, and a heading is added to
11 that subchapter to read as follows:

12 SUBCHAPTER A. GENERAL PROVISIONS

13 SECTION 1.013. Sections 42.001, 42.002, 42.003, 42.004, and
14 42.005, Education Code, are transferred to Subchapter A, Chapter
15 48, Education Code, as added by this Act, redesignated as Sections
16 48.001, 48.002, 48.003, 48.004, and 48.005, Education Code, and
17 amended to read as follows:

18 Sec. 48.001 [~~42.001~~]. STATE POLICY. (a) It is the policy
19 of this state that the provision of public education is a state
20 responsibility and that a thorough and efficient system be provided
21 and substantially financed through state revenue sources so that
22 each student enrolled in the public school system shall have access
23 to programs and services that are appropriate to the student's
24 educational needs and that are substantially equal to those
25 available to any similar student, notwithstanding varying local
26 economic factors.

27 (b) The public school finance system of this state shall

1 adhere to a standard of neutrality that provides for substantially
2 equal access to similar revenue per student at similar tax effort,
3 considering all state and local tax revenues of districts after
4 acknowledging all legitimate student and district cost
5 differences.

6 Sec. 48.002 [~~42.002~~]. PURPOSES OF FOUNDATION SCHOOL
7 PROGRAM. (a) The purposes of the Foundation School Program set
8 forth in this chapter are to guarantee that each school district in
9 the state has:

10 (1) adequate resources to provide each eligible
11 student a basic instructional program and facilities suitable to
12 the student's educational needs; and

13 (2) access to a substantially equalized program of
14 financing in excess of basic costs for certain services, as
15 provided by this chapter.

16 (b) The Foundation School Program consists of:

17 (1) two tiers that in combination provide for:

18 (A) sufficient financing for all school
19 districts to provide a basic program of education that is rated
20 acceptable or higher under Section 39.054 and meets other
21 applicable legal standards; and

22 (B) substantially equal access to funds to
23 provide an enriched program; and

24 (2) a facilities component as provided by Chapter 46.

25 Sec. 48.003 [~~42.003~~]. STUDENT ELIGIBILITY. (a) A
26 student is entitled to the benefits of the Foundation School
27 Program if, on September 1 of the school year, the student:

1 (1) is 5 years of age or older and under 21 years of age
2 and has not graduated from high school, or is at least 21 years of
3 age and under 26 years of age and has been admitted by a school
4 district to complete the requirements for a high school diploma; or

5 (2) is at least 19 years of age and under 26 years of
6 age and is enrolled in an adult high school diploma and industry
7 certification charter school pilot program under Section 29.259.

8 (b) A student to whom Subsection (a) does not apply is
9 entitled to the benefits of the Foundation School Program if the
10 student is enrolled in a prekindergarten class under Section 29.153
11 [~~or Subchapter E-1, Chapter 29~~].

12 (c) A child may be enrolled in the first grade if the child
13 is at least six years of age at the beginning of the school year of
14 the district or has been enrolled in the first grade or has
15 completed kindergarten in the public schools in another state
16 before transferring to a public school in this state.

17 (d) Notwithstanding Subsection (a), a student younger than
18 five years of age is entitled to the benefits of the Foundation
19 School Program if:

20 (1) the student performs satisfactorily on the
21 assessment instrument administered under Section 39.023(a) to
22 students in the third grade; and

23 (2) the district has adopted a policy for admitting
24 students younger than five years of age.

25 Sec. 48.004 [~~42.004~~]. ADMINISTRATION OF THE PROGRAM. The
26 commissioner[~~, in accordance with the rules of the State Board of~~
27 ~~Education,~~] shall adopt rules and take [~~such~~] action and require

1 ~~[such]~~ reports consistent with this chapter as ~~[may be]~~ necessary
2 to implement and administer the Foundation School Program.

3 Sec. 48.005 ~~[42.005]~~. AVERAGE DAILY ATTENDANCE. (a) In
4 this chapter, average daily attendance is:

5 (1) the quotient of the sum of attendance for each day
6 of the minimum number of days of instruction as described under
7 Section 25.081(a) divided by the minimum number of days of
8 instruction;

9 (2) for a district that operates under a flexible year
10 program under Section 29.0821, the quotient of the sum of
11 attendance for each actual day of instruction as permitted by
12 Section 29.0821(b)(1) divided by the number of actual days of
13 instruction as permitted by Section 29.0821(b)(1);

14 (3) for a district that operates under a flexible
15 school day program under Section 29.0822, the average daily
16 attendance as calculated by the commissioner in accordance with
17 Sections 29.0822(d) and (d-1); or

18 (4) for a district that operates a half-day program or
19 a full-day program under Section 29.153(c), one-half of the average
20 daily attendance calculated under Subdivision (1).

21 (b) A school district that experiences a decline of two
22 percent or more in average daily attendance shall be funded on the
23 basis of:

24 (1) the actual average daily attendance of the
25 preceding school year, if the decline is the result of the closing
26 or reduction in personnel of a military base; or

27 (2) subject to Subsection (e), an average daily

1 attendance not to exceed 98 percent of the actual average daily
2 attendance of the preceding school year, if the decline is not the
3 result of the closing or reduction in personnel of a military base.

4 (c) The commissioner shall adjust the average daily
5 attendance of a school district that has a significant percentage
6 of students who are migratory children as defined by 20 U.S.C.
7 Section 6399.

8 (d) The commissioner may adjust the average daily
9 attendance of a school district in which a disaster, flood, extreme
10 weather condition, fuel curtailment, or other calamity has a
11 significant effect on the district's attendance.

12 (e) For each school year, the commissioner shall adjust the
13 average daily attendance of school districts that are entitled to
14 funding on the basis of an adjusted average daily attendance under
15 Subsection (b)(2) so that:

16 (1) all districts are funded on the basis of the same
17 percentage of the preceding year's actual average daily attendance;
18 and

19 (2) the total cost to the state does not exceed the
20 amount specifically appropriated for that year for purposes of
21 Subsection (b)(2).

22 (f) An open-enrollment charter school is not entitled to
23 funding based on an adjustment under Subsection (b)(2).

24 (g) If a student may receive course credit toward the
25 student's high school academic requirements and toward the
26 student's higher education academic requirements for a single
27 course, including a course provided under Section 28.009 by a

1 public institution of higher education, the time during which the
2 student attends the course shall be counted as part of the minimum
3 number of instructional hours required for a student to be
4 considered a full-time student in average daily attendance for
5 purposes of this section.

6 (g-1) The commissioner shall adopt rules to calculate
7 average daily attendance for students participating in a blended
8 learning program in which classroom instruction is supplemented
9 with applied workforce learning opportunities, including
10 participation of students in internships, externships, and
11 apprenticeships.

12 (h) Subject to rules adopted by the commissioner under
13 Section 48.007(b) [~~42.0052(b)~~], time that a student participates in
14 an off-campus instructional program approved under Section
15 48.007(a) [~~42.0052(a)~~] shall be counted as part of the minimum
16 number of instructional hours required for a student to be
17 considered a full-time student in average daily attendance for
18 purposes of this section.

19 (i) A district or a charter school operating under Chapter
20 12 that operates a prekindergarten program is eligible to receive
21 one-half of average daily attendance under Subsection (a) if the
22 district's or charter school's prekindergarten program provides at
23 least 32,400 minutes of instructional time to students.

24 (j) A district or charter school is eligible to earn full
25 average daily attendance under Subsection (a) if the district or
26 school provides at least 43,200 minutes of instructional time to
27 students enrolled in:

1 (1) a dropout recovery school or program operating
2 under Section 12.1141(c) or Section 39.0548;

3 (2) an alternative education program operating under
4 Section 37.008;

5 (3) a school program located at a day treatment
6 facility, residential treatment facility, psychiatric hospital, or
7 medical hospital;

8 (4) a school program offered at a correctional
9 facility; or

10 (5) a school operating under Section 29.259.

11 (k) A charter school operating under a charter granted under
12 Chapter 12 before January 1, 2015, is eligible to earn full average
13 daily attendance under Subsection (a), as that subsection existed
14 immediately before January 1, 2015, for:

15 (1) all campuses of the charter school operating
16 before January 1, 2015; and

17 (2) any campus or site expansion approved on or after
18 January 1, 2015, provided that the charter school received an
19 academic accountability performance rating of C or higher, and the
20 campus or site expansion is approved by the commissioner.

21 (1) A school district campus or charter school described by
22 Subsection (j) may operate more than one program and be eligible for
23 full average daily attendance for each program if the programs
24 operated by the district campus or charter school satisfy all
25 applicable state and federal requirements.

26 (m) The commissioner shall adopt rules necessary to
27 implement this section, including rules that:

1 (1) establish the minimum amount of instructional time
2 per day that allows a school district or charter school to be
3 eligible for full average daily attendance, which may differ based
4 on the instructional program offered by the district or charter
5 school;

6 (2) establish the requirements necessary for a school
7 district or charter school to be eligible for one-half of average
8 daily attendance, which may differ based on the instructional
9 program offered by the district or charter school; and

10 (3) proportionally reduce the average daily
11 attendance for a school district if any campus or instructional
12 program in the district provides fewer than the required minimum
13 minutes of instruction to students.

14 (n) To assist school districts in implementing this section
15 as amended by H.B. 2442, Acts of the 85th Legislature, Regular
16 Session, 2017, ~~[or similar legislation]~~, the commissioner may waive
17 a requirement of this section or adopt rules to implement this
18 section. ~~[This subsection expires at the end of the 2018-2019~~
19 ~~school year.]~~

20 SECTION 1.014. Effective September 1, 2020, Subchapter A,
21 Chapter 48, Education Code, as added by this Act, is amended by
22 adding Section 48.0051 to read as follows:

23 Sec. 48.0051. INCENTIVE FOR ADDITIONAL INSTRUCTIONAL DAYS.

24 (a) Subject to Subsection (a-1), the commissioner shall adjust the
25 average daily attendance of a school district or open-enrollment
26 charter school under Section 48.005 in the manner provided by
27 Subsection (b) if the district or school:

1 (1) provides the minimum number of minutes of
2 operational and instructional time required under Section 25.081
3 and commissioner rules adopted under that section over at least 180
4 days of instruction; and

5 (2) offers an additional 30 days of half-day
6 instruction for students enrolled in prekindergarten through fifth
7 grade.

8 (a-1) A school district entitled to an incentive under this
9 section and funding for a campus under Section 48.252 may receive
10 only the incentive or funding for the campus, as applicable, that
11 would result in the greater amount of funding.

12 (b) For a school district or open-enrollment charter school
13 described by Subsection (a), the commissioner shall increase the
14 average daily attendance of the district or school under Section
15 48.005 by the amount that results from the quotient of the sum of
16 attendance by students described by Subsection (a)(2) for each of
17 the 30 additional instructional days of half-day instruction that
18 are provided divided by 180.

19 (c) The commissioner may provide the incentive under this
20 section to a school district or open-enrollment charter school that
21 intended, but due to circumstances beyond the district's or
22 school's control, including the occurrence of a natural disaster
23 affecting the district or school, was unable to meet the
24 requirement for instruction under Section 25.081 plus an additional
25 30 days of half-day instruction. The commissioner may
26 proportionately reduce the incentive provided to a district or
27 school described by this subsection.

1 (d) This section does not prohibit a school district from
2 providing the minimum number of minutes of operational and
3 instructional time required under Section 25.081 and commissioner
4 rules adopted under that section over fewer than 180 days of
5 instruction.

6 (e) The agency shall assist school districts and
7 open-enrollment charter schools in qualifying for the incentive
8 under this section.

9 (f) A school district or open-enrollment charter school may
10 use funding attributable to the incentive provided under this
11 section to pay costs associated with providing academic instruction
12 in a voluntary summer program for students enrolled in the district
13 or school.

14 (g) The commissioner shall adopt rules necessary for the
15 implementation of this section.

16 SECTION 1.015. Sections 42.0051 and 42.0052, Education
17 Code, are transferred to Subchapter A, Chapter 48, Education Code,
18 as added by this Act, redesignated as Sections 48.006 and 48.007,
19 Education Code, and amended to read as follows:

20 Sec. 48.006 [~~42.0051~~]. AVERAGE DAILY ATTENDANCE FOR
21 DISTRICTS IN DISASTER AREA. (a) The [~~From funds specifically~~
22 ~~appropriated for the purpose or other funds available to the~~
23 ~~commissioner for that purpose, the~~] commissioner may [~~shall~~] adjust
24 the average daily attendance of a school district all or part of
25 which is located in an area declared a disaster area by the governor
26 under Chapter 418, Government Code, if the district experiences a
27 decline in average daily attendance that is reasonably attributable

1 to the impact of the disaster.

2 (b) The adjustment must be sufficient to ensure that the
3 district receives funding comparable to the funding that the
4 district would have received if the decline in average daily
5 attendance reasonably attributable to the impact of the disaster
6 had not occurred.

7 (c) The commissioner may [~~shall~~] make the adjustment under
8 [~~required by~~] this section for the two-year period following the
9 date of the governor's initial proclamation or executive order
10 declaring the state of disaster.

11 (d) Section 48.005(b)(2) [~~42.005(b)(2)~~] does not apply to a
12 district that receives an adjustment under this section.

13 (e) A district that receives an adjustment under this
14 section may not receive any additional adjustment under Section
15 48.005(d) [~~42.005(d)~~] for the decline in average daily attendance
16 on which the adjustment under this section is based.

17 (f) For purposes of this title, a district's adjusted
18 average daily attendance under this section is considered to be the
19 district's average daily attendance as determined under Section
20 48.005 [~~42.005~~].

21 Sec. 48.007 [~~42.0052~~]. OFF-CAMPUS PROGRAMS APPROVED FOR
22 PURPOSES OF AVERAGE DAILY ATTENDANCE. (a) The commissioner may,
23 based on criteria developed by the commissioner, approve
24 instructional programs provided off campus by an entity other than
25 a school district or open-enrollment charter school as a program in
26 which participation by a student of a district or charter school may
27 be counted for purposes of determining average daily attendance in

accordance with Section 48.005(h) [~~42.005(h)~~].

(b) The commissioner shall adopt by rule verification and reporting procedures concerning time spent by students participating in instructional programs approved under Subsection (a).

SECTION 1.016. Sections 42.006(a), (b), (c), and (d), Education Code, are transferred to Subchapter A, Chapter 48, Education Code, as added by this Act, redesignated as Section 48.008, Education Code, and amended to read as follows:

Sec. 48.008. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM (PEIMS). (a) Each school district shall participate in the Public Education Information Management System (PEIMS) and shall provide through that system information required for the administration of this chapter and of other appropriate provisions of this code.

(b) Each school district shall use a uniform accounting system adopted by the commissioner for the data required to be reported for the Public Education Information Management System.

(c) Annually, the commissioner shall review the Public Education Information Management System and shall repeal or amend rules that require school districts to provide information through the Public Education Information Management System that is not necessary. In reviewing and revising the Public Education Information Management System, the commissioner shall develop rules to ensure that the system:

(1) provides useful, accurate, and timely information on student demographics and academic performance, personnel, and

1 school district finances;

2 (2) contains only the data necessary for the
3 legislature and the agency to perform their legally authorized
4 functions in overseeing the public education system; and

5 (3) does not contain any information related to
6 instructional methods, except as provided by Section 29.066 or
7 required by federal law.

8 (d) The commissioner's rules must ensure that the Public
9 Education Information Management System links student performance
10 data to other related information for purposes of efficient and
11 effective allocation of scarce school resources, to the extent
12 practicable using existing agency resources and appropriations.

13 SECTION 1.017. Sections 42.006(a-1), (a-3), and (a-4),
14 Education Code, Section 42.006(a-2), Education Code, as added by
15 Chapter 550 (S.B. 490), Acts of the 85th Legislature, Regular
16 Session, 2017, and Section 42.006(a-2), as added by Chapter 916
17 (S.B. 1404), Acts of the 85th Legislature, Regular Session, 2017,
18 are transferred to Subchapter A, Chapter 48, Education Code, as
19 added by this Act, redesignated as Section 48.009, Education Code,
20 and amended to read as follows:

21 Sec. 48.009. REQUIRED PEIMS REPORTING. (a) In this
22 section, "full-time equivalent school counselor" means 40 hours of
23 counseling services a week.

24 (b) [~~(a-1)~~] The commissioner by rule shall require each
25 school district and open-enrollment charter school to report
26 through the Public Education Information Management System
27 information regarding:

1 (1) the number of students enrolled in the district or
2 school who are identified as having dyslexia;

3 (2) ~~[-. The agency shall maintain the information~~
4 ~~provided in accordance with this subsection.~~

5 ~~[(a-2) The commissioner by rule shall require each school~~
6 ~~district and open-enrollment charter school to report through the~~
7 ~~Public Education Information Management System information~~
8 ~~regarding]~~ the availability of school counselors, including ~~[at~~
9 ~~each campus. The commissioner's rules shall require a district or~~
10 ~~school to report]~~ the number of full-time equivalent school
11 counselors, [providing counseling services] at each ~~[a]~~ campus;

12 (3) ~~[-. For purposes of this subsection, "full-time~~
13 ~~equivalent school counselor" means 40 hours of counseling services~~
14 ~~a week. The agency shall maintain the information provided in~~
15 ~~accordance with this subsection.~~

16 ~~[(a-2) The commissioner by rule shall require each school~~
17 ~~district and open-enrollment charter school to report through the~~
18 ~~Public Education Information Management System information for~~
19 ~~each campus of the district or school regarding:~~

20 ~~[(1)]~~ the availability of expanded learning
21 opportunities as described by Section 33.252 at each campus; ~~[and]~~

22 (4) ~~[(2) the number of students participating in each~~
23 ~~of the categories of expanded learning opportunities listed under~~
24 ~~Section 33.252(b).~~

25 ~~[(a-3) The commissioner by rule shall require each school~~
26 ~~district and open-enrollment charter school to annually report~~
27 ~~through the Public Education Information Management System~~

1 ~~information regarding~~] the total number of students, other than
2 students described by Subdivision (5) [~~Subsection (a-4)~~], enrolled
3 in the district or school with whom the district or school, as
4 applicable, used intervention strategies, as that term is defined
5 by Section 26.004, at any time during the year for which the report
6 is made; and

7 (5) [~~The agency shall maintain the information~~
8 ~~provided in accordance with this subsection.~~

9 [~~(a-4) The commissioner by rule shall require each school~~
10 ~~district and open-enrollment charter school to annually report~~
11 ~~through the Public Education Information Management System~~
12 ~~information regarding~~] the total number of students enrolled in the
13 district or school to whom the district or school provided aids,
14 accommodations, or services under Section 504, Rehabilitation Act
15 of 1973 (29 U.S.C. Section 794), at any time during the year for
16 which the report is made.

17 (c) The agency shall maintain the information provided in
18 accordance with this section [~~subsection~~].

19 (d) Not later than January 1, 2020, the commissioner shall
20 adopt rules requiring the Public Education Information Management
21 System (PEIMS) to include pregnancy as a reason a student withdraws
22 from or otherwise no longer attends public school.

23 SECTION 1.018. Section 42.009, Education Code, is
24 transferred to Subchapter A, Chapter 48, Education Code, as added
25 by this Act, redesignated as Section 48.010, Education Code, and
26 amended to read as follows:

27 Sec. 48.010 [~~42.009~~]. DETERMINATION OF FUNDING LEVELS.

(a) Not later than July 1 of each year, the commissioner shall determine for each school district whether the estimated amount of state and local funding per student in weighted average daily attendance to be provided to the district under the Foundation School Program for maintenance and operations for the following school year is less than the amount provided to the district for the 2010-2011 school year. If the amount estimated to be provided is less, the commissioner shall certify the percentage decrease in funding to be provided to the district.

(b) In making the determinations regarding funding levels required by Subsection (a), the commissioner shall:

(1) make adjustments as necessary to reflect changes in a school district's maintenance and operations tax rate;

(2) for a district required to ~~[take action under Chapter 41 to]~~ reduce its local revenue level under Section 48.257 ~~[wealth per student to the equalized wealth level]~~, base the determinations on the district's net funding levels after deducting any amounts required to be expended by the district to comply with Chapter 49 ~~[41]~~; and

(3) determine a district's weighted average daily attendance in accordance with this chapter as it existed on January 1, 2011.

SECTION 1.019. Subchapter A, Chapter 48, Education Code, as added by this Act, is amended by adding Sections 48.011 and 48.012 to read as follows:

Sec. 48.011. COMMISSIONER AUTHORITY TO RESOLVE UNINTENDED CONSEQUENCES FROM SCHOOL FINANCE FORMULAS. (a) Subject to

1 Subsections (b) and (d), the commissioner may adjust a school
2 district's funding entitlement under this chapter if the funding
3 formulas used to determine the district's entitlement result in an
4 unanticipated loss or gain for a district.

5 (a-1) The commissioner may modify dates relating to the
6 adoption of a school district's maintenance and operations tax rate
7 and, if applicable, an election required for the district to adopt
8 that rate as necessary to implement the changes made by H.B. 3, 86th
9 Legislature, Regular Session, 2019.

10 (b) Before making an adjustment under Subsection (a) or
11 (a-1), the commissioner shall notify and must receive approval from
12 the Legislative Budget Board and the office of the governor.

13 (c) If the commissioner makes an adjustment under
14 Subsection (a), the commissioner must provide to the legislature an
15 explanation regarding the changes necessary to resolve the
16 unintended consequences.

17 (d) Beginning with the 2021-2022 school year, the
18 commissioner may not make an adjustment under Subsection (a) or
19 (a-1).

20 (e) This section expires September 1, 2023.

21 Sec. 48.012. STUDY ON GEOGRAPHIC EDUCATION COST VARIATIONS
22 AND TRANSPORTATION COSTS. (a) The agency shall enter into a
23 memorandum of understanding with a public institution of higher
24 education to conduct a study on:

25 (1) geographic variations in known resource costs and
26 costs of education due to factors beyond the control of school
27 districts; and

(2) school district transportation costs.

(b) The study must include a review of cost drivers for school districts.

(c) Not later than December 1, 2020, the agency shall submit to the legislature a report on the results of the study.

(d) This section expires September 1, 2021.

SECTION 1.020. Chapter 48, Education Code, as added by this Act, is amended by adding Subchapter B, and a heading is added to that subchapter to read as follows:

SUBCHAPTER B. BASIC ENTITLEMENT

SECTION 1.021. Sections 42.101 and 42.105, Education Code, are transferred to Subchapter B, Chapter 48, Education Code, as added by this Act, redesignated as Sections 48.051 and 48.052, Education Code, and amended to read as follows:

Sec. 48.051 [~~42.101~~]. BASIC ALLOTMENT. (a) For each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under Subchapter C, a district is entitled to an allotment equal to the lesser of \$6,160 [~~\$4,765~~] or the amount that results from the following formula:

$$A = \underline{\$6,160} [\underline{\$4,765}] \times \underline{TR/MCR} [(\underline{DCR/MCR})]$$

where:

"A" is the allotment to which a district is entitled;

"TR" [~~"DCR"~~] is the district's tier one maintenance and operations [~~compressed~~] tax rate, as provided by Section 45.0032 [~~7~~]

1 ~~which is the product of the state compression percentage, as~~
2 ~~determined under Section 42.2516, multiplied by the maintenance and~~
3 ~~operations tax rate adopted by the district for the 2005 tax year];~~
4 and

5 "MCR" is the state maximum compressed tax rate, which is the
6 product of the state compression percentage, as determined under
7 Section 48.255 [~~42.2516~~], multiplied by \$1.00 [~~\$1.50~~].

8 [~~(a-1) Notwithstanding Subsection (a), for a school~~
9 ~~district that adopted a maintenance and operations tax rate for the~~
10 ~~2005 tax year below the maximum rate permitted by law for that year,~~
11 ~~the district's compressed tax rate ("DCR") includes the portion of~~
12 ~~the district's current maintenance and operations tax rate in~~
13 ~~excess of the first six cents above the district's compressed tax~~
14 ~~rate, as defined by Subsection (a), until the district's compressed~~
15 ~~tax rate computed in accordance with this subsection is equal to the~~
16 ~~state maximum compressed tax rate ("MCR").]~~

17 (b) A greater amount for any school year may be provided by
18 appropriation.

19 (c) During any school year for which the maximum amount of
20 the basic allotment provided under Subsection (a) or (b) is greater
21 than the maximum amount provided for the preceding school year, a
22 school district must use at least 30 percent of the amount, if the
23 amount is greater than zero, that equals the product of the average
24 daily attendance of the district multiplied by the amount of the
25 difference between the district's funding under this chapter per
26 student in average daily attendance for the current school year and
27 the preceding school year to provide compensation increases to

full-time district employees other than administrators as follows:

(1) 75 percent must be used to increase the compensation paid to classroom teachers, full-time librarians, full-time school counselors certified under Subchapter B, Chapter 21, and full-time school nurses, prioritizing differentiated compensation for classroom teachers with more than five years of experience; and

(2) 25 percent may be used as determined by the district to increase compensation paid to full-time district employees ~~[This subsection applies to a school district for which the compressed tax rate ("DCR") is determined in accordance with Subsection (a-1). Any reduction in the district's adopted maintenance and operations tax rate is applied to the following components of the district's tax rate in the order specified:~~

~~[(1) tax effort described by Section 42.302(a-1)(2);~~

~~[(2) tax effort described by Section 42.302(a-1)(1);~~

~~and~~

~~[(3) tax effort included in the determination of the district's compressed tax rate ("DCR") under Subsection (a-1)].~~

(d) In this section, "compensation" includes benefits such as insurance premiums.

Sec. 48.052 ~~[42.105]~~. SPARSITY ADJUSTMENT. (a) Notwithstanding Section 48.051 ~~[Sections 42.101, 42.102, and 42.103]~~, a school district that has fewer than 130 students in average daily attendance shall be provided a ~~[an adjusted]~~ basic allotment on the basis of 130 students in average daily attendance if it offers a kindergarten through grade 12 program and has

1 preceding or current year's average daily attendance of at least 90
2 students or is 30 miles or more by bus route from the nearest high
3 school district. A district offering a kindergarten through grade 8
4 program whose preceding or current year's average daily attendance
5 was at least 50 students or which is 30 miles or more by bus route
6 from the nearest high school district shall be provided a [an
7 ~~adjusted~~] basic allotment on the basis of 75 students in average
8 daily attendance. An average daily attendance of 60 students shall
9 be the basis of providing the [adjusted] basic allotment if a
10 district offers a kindergarten through grade 6 program and has
11 preceding or current year's average daily attendance of at least 40
12 students or is 30 miles or more by bus route from the nearest high
13 school district.

14 (b) Subsection (c) applies only to a school district that:

15 (1) does not offer each grade level from kindergarten
16 through grade 12 and whose prospective or former students generally
17 attend school in a state that borders this state for the grade
18 levels the district does not offer;

19 (2) serves both students residing in this state and
20 students residing in a state that borders this state who are
21 subsequently eligible for in-state tuition rates at institutions of
22 higher education in either state regardless of the state in which
23 the students reside; and

24 (3) shares students with an out-of-state district that
25 does not offer competing instructional services.

26 (c) Notwithstanding Subsection (a) or Section 48.051
27 ~~[Sections 42.101, 42.102, and 42.103]~~, a school district to which

1 this subsection applies, as provided by Subsection (b), that has
2 fewer than 130 students in average daily attendance shall be
3 provided a [~~an adjusted~~] basic allotment on the basis of 130
4 students in average daily attendance if it offers a kindergarten
5 through grade four program and has preceding or current year's
6 average daily attendance of at least 75 students or is 30 miles or
7 more by bus route from the nearest high school district.

8 SECTION 1.022. Subchapter B, Chapter 48, Education Code, as
9 added by this Act, is amended by adding Section 48.053 to read as
10 follows:

11 Sec. 48.053. ALLOTMENT FOR CERTAIN SPECIAL-PURPOSE SCHOOL
12 DISTRICTS. (a) This section applies only to a special-purpose
13 school district established under Section 11.351 that is operated
14 by a general academic teaching institution, as that term is defined
15 by Section 61.003.

16 (b) For each student who resides in this state and is
17 enrolled in the district, a school district to which this section
18 applies is entitled to funding under this chapter as if the district
19 had no tier one local share for purposes of Section 48.256.

20 (c) A school district to which this section applies may
21 decline to receive funding under Subsection (b).

22 (d) A school district that receives funding under
23 Subsection (b) for a school year may not charge tuition or fees to
24 students enrolled in the district who are residents of this state
25 for that school year, other than fees authorized under Section
26 11.158.

27 SECTION 1.023. Chapter 48, Education Code, as added by this

Act, is amended by adding Subchapter C, and a heading is added to that subchapter to read as follows:

SUBCHAPTER C. STUDENT-BASED ALLOTMENTS

SECTION 1.024. Subchapter C, Chapter 48, Education Code, as added by this Act, is amended by adding Section 48.101 to read as follows:

Sec. 48.101. SMALL AND MID-SIZED DISTRICT ALLOTMENT. (a) Small and mid-sized districts are entitled to an annual allotment in accordance with this section. In this section:

(1) "AA" is the district's annual allotment per student in average daily attendance;

(2) "ADA" is the number of students in average daily attendance for which the district is entitled to an allotment under Section 48.051; and

(3) "BA" is the basic allotment determined under Section 48.051.

(b) A school district that has fewer than 1,600 students in average daily attendance is entitled to an annual allotment for each student in average daily attendance based on the following formula:

$$AA = ((1,600 - ADA) \times .0004) \times BA$$

(c) A school district that offers a kindergarten through grade 12 program and has less than 5,000 students in average daily attendance is entitled to an annual allotment for each student in average daily attendance based on the formula, of the following formulas, that results in the greatest annual allotment:

(1) the formula in Subsection (b), if the district is

eligible for that formula; or

$$(2) \quad AA = ((5,000 - ADA) \times .000025) \times BA.$$

(d) Instead of the allotment under Subsection (b) or (c)(1), a school district that has fewer than 300 students in average daily attendance and is the only school district located in and operating in a county is entitled to an annual allotment for each student in average daily attendance based on the following formula:

$$AA = ((1,600 - ADA) \times .00047) \times BA$$

SECTION 1.025. Section 42.151, Education Code, is transferred to Subchapter C, Chapter 48, Education Code, as added by this Act, redesignated as Section 48.102, Education Code, and amended to read as follows:

Sec. 48.102 [~~42.151~~]. SPECIAL EDUCATION. (a) For each student in average daily attendance in a special education program under Subchapter A, Chapter 29, in a mainstream instructional arrangement, a school district is entitled to an annual allotment equal to the ~~[adjusted]~~ basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled, multiplied by 1.15 [~~1.1~~]. For each full-time equivalent student in average daily attendance in a special education program under Subchapter A, Chapter 29, in an instructional arrangement other than a mainstream instructional arrangement, a district is entitled to an annual allotment equal to the ~~[adjusted]~~ basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled, multiplied by a weight determined according to instructional arrangement as follows:

1	Homebound	5.0
2	Hospital class.	3.0
3	Speech therapy.	5.0
4	Resource room	3.0
5	Self-contained, mild and moderate,	
6	regular campus.	3.0
7	Self-contained, severe, regular campus.	3.0
8	Off home campus	2.7
9	Nonpublic day school	1.7
10	Vocational adjustment class	2.3

11 (b) A special instructional arrangement for students with
12 disabilities residing in care and treatment facilities, other than
13 state schools, whose parents or guardians do not reside in the
14 district providing education services shall be established by
15 commissioner rule [~~under the rules of the State Board of~~
16 ~~Education~~]. The funding weight for this arrangement shall be 4.0
17 for those students who receive their education service on a local
18 school district campus. A special instructional arrangement for
19 students with disabilities residing in state schools shall be
20 established by commissioner rule [~~under the rules of the State~~
21 ~~Board of Education~~] with a funding weight of 2.8.

22 (c) For funding purposes, the number of contact hours
23 credited per day for each student in the off home campus
24 instructional arrangement may not exceed the contact hours credited
25 per day for the multidistrict class instructional arrangement in
26 the 1992-1993 school year.

27 (d) For funding purposes the contact hours credited per day

1 for each student in the resource room; self-contained, mild and
2 moderate; and self-contained, severe, instructional arrangements
3 may not exceed the average of the statewide total contact hours
4 credited per day for those three instructional arrangements in the
5 1992-1993 school year.

6 (e) The commissioner [~~State Board of Education~~] by rule
7 shall prescribe the qualifications an instructional arrangement
8 must meet in order to be funded as a particular instructional
9 arrangement under this section. In prescribing the qualifications
10 that a mainstream instructional arrangement must meet, the
11 commissioner [~~board~~] shall establish requirements that students
12 with disabilities and their teachers receive the direct, indirect,
13 and support services that are necessary to enrich the regular
14 classroom and enable student success.

15 (f) In this section, "full-time equivalent student" means
16 30 hours of contact a week between a special education student and
17 special education program personnel.

18 (g) The commissioner [~~State Board of Education~~] shall adopt
19 rules and procedures governing contracts for residential placement
20 of special education students. The legislature shall provide by
21 appropriation for the state's share of the costs of those
22 placements.

23 (h) At least 55 percent of the funds [~~Funds~~] allocated under
24 this section[~~, other than an indirect cost allotment established~~
25 ~~under State Board of Education rule,~~] must be used in the special
26 education program under Subchapter A, Chapter 29.

27 (i) The agency shall encourage the placement of students in

1 special education programs, including students in residential
2 instructional arrangements, in the least restrictive environment
3 appropriate for their educational needs.

4 (j) ~~[(k)]~~ A school district that provides an extended year
5 program required by federal law for special education students who
6 may regress is entitled to receive funds in an amount equal to 75
7 percent, or a lesser percentage determined by the commissioner, of
8 the ~~[adjusted]~~ basic allotment, or, if applicable, the sum of the
9 basic allotment and the allotment under Section 48.101 to which the
10 district is entitled ~~[or adjusted allotment, as applicable,]~~ for
11 each full-time equivalent student in average daily attendance,
12 multiplied by the amount designated for the student's instructional
13 arrangement under this section, for each day the program is
14 provided divided by the number of days in the minimum school year.
15 The total amount of state funding for extended year services under
16 this section may not exceed \$10 million per year. A school district
17 may use funds received under this section only in providing an
18 extended year program.

19 (k) ~~[(l)]~~ From the total amount of funds appropriated for
20 special education under this section, the commissioner shall
21 withhold an amount specified in the General Appropriations Act, and
22 distribute that amount to school districts for programs under
23 Section 29.014. The program established under that section is
24 required only in school districts in which the program is financed
25 by funds distributed under this subsection and any other funds
26 available for the program. After deducting the amount withheld
27 under this subsection from the total amount appropriated for

1 special education, the commissioner shall reduce each district's
2 allotment proportionately and shall allocate funds to each district
3 accordingly.

4 SECTION 1.026. Subchapter C, Chapter 48, Education Code, as
5 added by this Act, is amended by adding Section 48.1021 to read as
6 follows:

7 Sec. 48.1021. SPECIAL EDUCATION ALLOTMENT ADVISORY
8 COMMITTEE. (a) The commissioner shall establish an advisory
9 committee to develop and make recommendations regarding methods of
10 financing special education under the public school finance system.

11 (b) The advisory committee consists of the following
12 members appointed by the commissioner:

13 (1) a parent of a student eligible to participate in a
14 school district's special education program under Section 29.003;

15 (2) a director of a school district's special
16 education program under Subchapter A, Chapter 29;

17 (3) a teacher certified in special education;

18 (4) a diagnostician;

19 (5) a licensed specialist in school psychology;

20 (6) a provider who provides related services, as
21 described by Section 29.002(2);

22 (7) a superintendent of a school district;

23 (8) a member of a school district's board of trustees;

24 (9) a representative of a disability advocacy
25 organization;

26 (10) a member of the special education continuing
27 advisory committee under Section 29.006;

1 (11) a teacher certified in general education;

2 (12) a student eligible to participate in a school
3 district's special education program under Section 29.003;

4 (13) a representative of a regional education service
5 center; and

6 (14) a school district official who handles business
7 and finance matters for the district.

8 (c) Not later than May 1, 2020, the advisory committee, with
9 assistance from the Legislative Budget Board, shall submit to the
10 lieutenant governor, the speaker of the house of representatives,
11 and the standing legislative committees with primary jurisdiction
12 over public education a report on methods of financing special
13 education under the public school finance system. The report must
14 include:

15 (1) a description of the current funding methods;

16 (2) an analysis of the possible implementation of a
17 method of financing special education based on the services and
18 supports each student receives instead of instructional
19 arrangement;

20 (3) data on current special education expenditures
21 from a representative sample of school districts; and

22 (4) recommendations for improvements to the current
23 funding methods or for the implementation of new funding methods.

24 (d) This section expires September 1, 2021.

25 SECTION 1.027. Subchapter C, Chapter 48, Education Code, as
26 added by this Act, is amended by adding Section 48.103 to read as
27 follows:

1 Sec. 48.103. ALLOTMENT FOR STUDENT WITH DYSLEXIA OR RELATED
2 DISORDER. (a) Subject to Subsection (b), for each student that a
3 school district serves who has been identified as having dyslexia
4 or a related disorder, the district is entitled to an annual
5 allotment equal to the basic allotment multiplied by 0.1 or a
6 greater amount provided by appropriation.

7 (b) A school district is entitled to an allotment under
8 Subsection (a) only for a student who:

9 (1) is receiving services for dyslexia or a related
10 disorder in accordance with:

11 (A) an individualized education program
12 developed for the student under Section 29.005; or

13 (B) a plan developed for the student under
14 Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794);

15 (2) is receiving instruction that:

16 (A) meets applicable dyslexia program criteria
17 established by the State Board of Education; and

18 (B) is provided by a person with specific
19 training in providing that instruction; or

20 (3) is permitted, on the basis of having dyslexia or a
21 related disorder, to use modifications in the classroom or
22 accommodations in the administration of assessment instruments
23 under Section 39.023.

24 (c) A school district may receive funding for a student
25 under this section and Section 48.102 if the student satisfies the
26 requirements of both sections.

27 (d) A school district may use an amount not to exceed 20

percent of the allotment provided for a qualifying student under this section to contract with a private provider to provide supplemental academic services to the student that are recommended under the student's program or plan described by Subsection (b). A student may not be excused from school to receive supplemental academic services provided under this subsection.

SECTION 1.028. Section 42.152, Education Code, is transferred to Subchapter C, Chapter 48, Education Code, as added by this Act, redesignated as Section 48.104, Education Code, and amended to read as follows:

Sec. 48.104 [~~42.152~~]. COMPENSATORY EDUCATION ALLOTMENT.

(a) For each student who [~~is educationally disadvantaged or who is a student who~~] does not have a disability and resides in a residential placement facility in a district in which the student's parent or legal guardian does not reside, a district is entitled to an annual allotment equal to the [~~adjusted~~] basic allotment multiplied by 0.2 or, if the student is educationally disadvantaged, 0.275. For [~~, and by 2.41 for~~] each full-time equivalent student who is in a remedial and support program under Section 29.081 because the student is pregnant, a district is entitled to an annual allotment equal to the basic allotment multiplied by 2.41.

(b) For each student who is educationally disadvantaged and resides in an economically disadvantaged census block group as determined by the commissioner under Subsection (c), a district is entitled to an annual allotment equal to the basic allotment multiplied by the weight assigned to the student's census block

1 group under Subsection (d).

2 (c) For purposes of the allotment under Subsection (b), the
3 commissioner shall establish an index for economically
4 disadvantaged census block groups in the state that provides
5 criteria for determining which census block groups are economically
6 disadvantaged and categorizes economically disadvantaged census
7 block groups in five tiers according to relative severity of
8 economic disadvantage. In determining the severity of economic
9 disadvantage in a census block group, the commissioner shall
10 consider:

11 (1) the median household income;
12 (2) the average educational attainment of the
13 population;
14 (3) the percentage of single-parent households;
15 (4) the rate of homeownership; and
16 (5) other economic criteria the commissioner
17 determines likely to disadvantage a student's preparedness and
18 ability to learn.

19 (d) The weights assigned to the five tiers of the index
20 established under Subsection (c) are, from least to most severe
21 economic disadvantage, 0.225, 0.2375, 0.25, 0.2625, and 0.275.

22 (e) If insufficient data is available for any school year to
23 evaluate the level of economic disadvantage in a census block
24 group, a school district is entitled to an annual allotment equal to
25 the basic allotment multiplied by 0.225 for each student who is
26 educationally disadvantaged and resides in that census block group
27 ~~[For purposes of this section, the number of educationally~~

1 ~~disadvantaged students is determined:~~

2 ~~[(1) by averaging the best six months' numbers of~~
3 ~~students eligible for enrollment in the national school lunch~~
4 ~~program of free or reduced-price lunches for the preceding school~~
5 ~~year; or~~

6 ~~[(2) in the manner provided by commissioner rule].~~

7 (f) [(b-1)] A student receiving a full-time virtual
8 education through the state virtual school network may be included
9 in determining the number of ~~[educationally disadvantaged]~~
10 students who are educationally disadvantaged and reside in an
11 economically disadvantaged census block group under Subsection (b)
12 or (e), as applicable, if the school district submits to the
13 commissioner a plan detailing the enhanced services that will be
14 provided to the student and the commissioner approves the plan.

15 (g) Not later than March 1 of each year, the commissioner
16 shall:

17 (1) review and, if necessary, update the index
18 established under Subsection (c) to be used for the following
19 school year, based on the most recent estimates published by the
20 United States Census Bureau; and

21 (2) notify each school district of any changes to the
22 index.

23 (h) The state demographer, the Department of Agriculture,
24 and any other state agency with relevant information shall assist
25 the commissioner in performing the commissioner's duties under this
26 section.

27 (i) On a schedule determined by the commissioner, each

1 school district shall report to the agency the census block group in
2 which each student enrolled in the district who is educationally
3 disadvantaged resides. The agency shall provide to school
4 districts a resource for use in determining the census block group
5 in which a student resides.

6 (j) The commissioner shall adopt rules for the method of
7 determining the number of students who qualify for an allotment
8 under this section at a campus that participates in the Community
9 Eligibility Provision administered by the United States Department
10 of Agriculture, as provided by the Healthy, Hunger-Free Kids Act of
11 2010 (Pub. L. No. 111-296).

12 (j-1) In addition to other purposes for which funds
13 allocated under this section may be used, those funds may also be
14 used to:

15 (1) provide child-care services or assistance with
16 child-care expenses for students at risk of dropping out of school,
17 as described by Section 29.081(d)(5); or

18 (2) pay the costs associated with services provided
19 through a life skills program in accordance with Sections
20 29.085(b)(1) and (3)-(7).

21 (k) At least 55 percent of the funds [~~(c) Funds~~] allocated
22 under this section must [~~shall~~] be used to:

23 (1) fund supplemental programs and services designed
24 to eliminate any disparity in performance on assessment instruments
25 administered under Subchapter B, Chapter 39, or disparity in the
26 rates of high school completion between:

27 (A) students who are educationally disadvantaged

1 and students who are not educationally disadvantaged; and

2 (B) students at risk of dropping out of school,
3 as defined by Section 29.081, and all other students; or

4 (2) [~~Specifically, the funds, other than an indirect~~
5 ~~cost allotment established under State Board of Education rule,~~
6 ~~which may not exceed 45 percent, may be used to meet the costs of~~
7 ~~providing a compensatory, intensive, or accelerated instruction~~
8 ~~program under Section 29.081 or a disciplinary alternative~~
9 ~~education program established under Section 37.008, to pay the~~
10 ~~costs associated with placing students in a juvenile justice~~
11 ~~alternative education program established under Section 37.011, or~~
12 ~~to]~~ support a program eligible under Title I of the Elementary and
13 Secondary Education Act of 1965, as provided by Pub. L. No. 103-382
14 and its subsequent amendments, and by federal regulations
15 implementing that Act[~~, at a campus at which at least 40 percent of~~
16 ~~the students are educationally disadvantaged].~~

17 (1) The commissioner shall adopt rules regarding the use of
18 funds described by Subsection (k). The rules:

19 (1) must:

20 (A) permit a school district to use those funds
21 for programs and services that reflect the needs of students at each
22 campus in the district; and

23 (B) provide for streamlined reporting on the use
24 of those funds; and

25 (2) may not prohibit the use of those funds for any
26 purpose for which the use of those funds was authorized under former
27 Section 42.152 as that section existed on September 1, 2018.

1 (m) The State Board of Education shall adopt rules requiring
2 a report on the use of funds under Subsection (k) as part of the
3 annual audit under Section 44.008 and shall develop minimum
4 requirements for that report.

5 (n) The commissioner annually shall review each report
6 required under Subsection (m) for the preceding school year and:

7 (1) identify each school district that was not in
8 compliance with Subsection (k) during that school year; and

9 (2) provide each district identified under
10 Subdivision (1) a reasonable opportunity to comply with Subsection
11 (k).

12 ~~(o) [In meeting the costs of providing a compensatory,~~
13 ~~intensive, or accelerated instruction program under Section~~
14 ~~29.081, a district's compensatory education allotment shall be used~~
15 ~~for costs supplementary to the regular education program, such as~~
16 ~~costs for program and student evaluation, instructional materials~~
17 ~~and equipment and other supplies required for quality instruction,~~
18 ~~supplemental staff expenses, salary for teachers of at-risk~~
19 ~~students, smaller class size, and individualized instruction. A~~
20 ~~home-rule school district or an open-enrollment charter school must~~
21 ~~use funds allocated under Subsection (a) for a purpose authorized~~
22 ~~in this subsection but is not otherwise subject to Subchapter C,~~
23 ~~Chapter 29. For purposes of this subsection, a program specifically~~
24 ~~designed to serve students at risk of dropping out of school, as~~
25 ~~defined by Section 29.081, is considered to be a program~~
26 ~~supplemental to the regular education program, and a district may~~
27 ~~use its compensatory education allotment for such a program.~~

1 ~~[(c-1) Notwithstanding Subsection (c), funds allocated~~
2 ~~under this section may be used to fund in proportion to the~~
3 ~~percentage of students served by the program that meet the criteria~~
4 ~~in Section 29.081(d) or (g):~~

5 ~~[(1) an accelerated reading instruction program under~~
6 ~~Section 28.006(g); or~~

7 ~~[(2) a program for treatment of students who have~~
8 ~~dyslexia or a related disorder as required by Section 38.003.~~

9 ~~[(c-2) Notwithstanding Subsection (c), funds allocated~~
10 ~~under this section may be used to fund a district's mentoring~~
11 ~~services program under Section 29.089.~~

12 ~~[(d) The agency shall evaluate the effectiveness of~~
13 ~~accelerated instruction and support programs provided under~~
14 ~~Section 29.081 for students at risk of dropping out of school.~~

15 ~~[(g) The State Board of Education, with the assistance of~~
16 ~~the comptroller, shall develop and implement by rule reporting and~~
17 ~~auditing systems for district and campus expenditures of~~
18 ~~compensatory education funds to ensure that compensatory education~~
19 ~~funds, other than the indirect cost allotment, are spent only to~~
20 ~~supplement the regular education program as required by Subsection~~
21 ~~(c). The reporting requirements shall be managed electronically to~~
22 ~~minimize local administrative costs. A district shall submit the~~
23 ~~report required by this subsection not later than the 150th day~~
24 ~~after the last day permissible for resubmission of information~~
25 ~~required under Section 42.006.~~

26 ~~[(g-1) The commissioner shall develop a system to identify~~
27 ~~school districts that are at high risk of having used compensatory~~

~~education funds other than in compliance with Subsection (c) or of having inadequately reported compensatory education expenditures. If a review of the report submitted under Subsection (q), using the risk-based system, indicates that a district is not at high risk of having misused compensatory education funds or of having inadequately reported compensatory education expenditures, the district may not be required to perform a local audit of compensatory education expenditures and is not subject to on-site monitoring under this section.~~

~~[(q-2) If a review of the report submitted under Subsection (q), using the risk-based system, indicates that a district is at high risk of having misused compensatory education funds, the commissioner shall notify the district of that determination. The district must respond to the commissioner not later than the 30th day after the date the commissioner notifies the district of the commissioner's determination. If the district's response does not change the commissioner's determination that the district is at high risk of having misused compensatory education funds or if the district does not respond in a timely manner, the commissioner shall:~~

~~[(1) require the district to conduct a local audit of compensatory education expenditures for the current or preceding school year,~~

~~[(2) order agency staff to conduct on-site monitoring of the district's compensatory education expenditures, or~~

~~[(3) both require a local audit and order on-site monitoring.~~

1 ~~[(q-3) If a review of the report submitted under Subsection~~
 2 ~~(q), using the risk-based system, indicates that a district is at~~
 3 ~~high risk of having inadequately reported compensatory education~~
 4 ~~expenditures, the commissioner may require agency staff to assist~~
 5 ~~the district in following the proper reporting methods or amending~~
 6 ~~a district or campus improvement plan under Subchapter F, Chapter~~
 7 ~~11. If the district does not take appropriate corrective action~~
 8 ~~before the 45th day after the date the agency staff notifies the~~
 9 ~~district of the action the district is expected to take, the~~
 10 ~~commissioner may:~~

11 ~~[(1) require the district to conduct a local audit of~~
 12 ~~the district's compensatory education expenditures; or~~

13 ~~[(2) order agency staff to conduct on-site monitoring~~
 14 ~~of the district's compensatory education expenditures.~~

15 ~~[(q-4)]~~ The commissioner, in the year following a
 16 determination under Subsection (n) that a school district was not
 17 in compliance with Subsection (k) for the 2021-2022 school year or a
 18 subsequent school year ~~[local audit of compensatory education~~
 19 ~~expenditures]~~, shall withhold from the ~~[a]~~ district's foundation
 20 school fund payment an amount equal to the amount of compensatory
 21 education funds the commissioner ~~[agency]~~ determines were not used
 22 in compliance with Subsection (k) ~~[(c)]~~. The commissioner shall
 23 release to a district funds withheld under this subsection when the
 24 district provides to the commissioner a detailed plan to spend
 25 those funds in compliance with Subsection (k) ~~[(c)]~~. In determining
 26 whether a school district is subject to the withholding of funding
 27 required under this subsection, the commissioner may consider the

district's average use of funds for the three preceding school years.

~~[(r) The commissioner shall grant a one-year exemption from the requirements of Subsections (q)-(q-4) to a school district in which the group of students who have failed to perform satisfactorily in the preceding school year on an assessment instrument required under Section 39.023(a), (c), or (l) subsequently performs on those assessment instruments at a level that meets or exceeds a level prescribed by commissioner rule. Each year the commissioner, based on the most recent information available, shall determine if a school district is entitled to an exemption for the following school year and notify the district of that determination.]~~

SECTION 1.029. Subchapter C, Chapter 48, Education Code, as added by this Act, is amended by adding Section 48.1041 to read as follows:

Sec. 48.1041. COMPENSATORY EDUCATION ALLOTMENT ADVISORY COMMITTEE. (a) The commissioner shall establish an advisory committee to advise the agency in adopting rules for the compensatory education allotment under Section 48.104, including:

(1) rules establishing the economic criteria described by Section 48.104(c)(5);

(2) rules detailing the method to count students who qualify for the allotment in:

(A) a dropout recovery school or program; or

(B) a residential treatment facility;

(3) methods for properly counting students who are

1 homeless within the meaning of "homeless children and youths" under
2 42 U.S.C. Section 11434a; and

3 (4) rules to determine the appropriate weight by which
4 to adjust the basic allotment in determining the compensatory
5 allotment for students described by Subdivision (3).

6 (b) The advisory committee consists of members appointed by
7 the commissioner, including:

8 (1) school district superintendents and chief
9 financial officers;

10 (2) classroom teachers;

11 (3) representatives of school districts located in an
12 area other than an urban area, as designated by the United States
13 Census Bureau;

14 (4) at least one representative of an open-enrollment
15 charter school;

16 (5) demographers;

17 (6) experts on census data;

18 (7) public school finance experts; and

19 (8) appropriate employees of the agency.

20 (c) Members of the advisory committee serve at the pleasure
21 of the commissioner.

22 (d) A member of the advisory committee is not entitled to
23 receive compensation for service on the committee or reimbursement
24 for expenses incurred in performing official duties as a member of
25 the committee.

26 (e) Chapter 2110, Government Code, does not apply to the
27 advisory committee.

(f) Not less than once every two years, the advisory committee shall review census and student data and provide recommendations to the agency regarding any suggested changes to the rules adopted for the compensatory education allotment under Section 48.104.

SECTION 1.030. Sections 42.153, 42.154, and 42.157, Education Code, are transferred to Subchapter C, Chapter 48, Education Code, as added by this Act, redesignated as Sections 48.105, 48.106, and 48.107, Education Code, and amended to read as follows:

Sec. 48.105 ~~[42.153]~~. BILINGUAL EDUCATION ALLOTMENT. (a) For each student in average daily attendance in a bilingual education or special language program under Subchapter B, Chapter 29, a district is entitled to an annual allotment equal to the ~~[adjusted]~~ basic allotment multiplied by:

(1) for a student of limited English proficiency, as defined by Section 29.052:

(A) 0.1; or

(B) 0.15 if the student is in a bilingual education program using a dual language immersion/one-way or two-way program model; and

(2) for a student not described by Subdivision (1), 0.05 if the student is in a bilingual education program using a dual language immersion/two-way program model.

(b) At least 55 percent of the funds ~~[Funds]~~ allocated under this section ~~[, other than an indirect cost allotment established under State Board of Education rule,]~~ must be used in providing

bilingual education or special language programs under Subchapter B, Chapter 29[, ~~and must be accounted for under existing agency reporting and auditing procedures~~].

~~[(c)]~~ A district's bilingual education or special language allocation may be used only for program and student evaluation, instructional materials and equipment, staff development, supplemental staff expenses, salary supplements for teachers, incremental costs associated with providing smaller class sizes, and other supplies required for quality instruction [~~and smaller class size~~].

(c) The State Board of Education shall adopt rules requiring a report on the use of funds under Subsection (b) as part of the annual audit under Section 44.008 and shall develop minimum requirements for that report.

(d) The commissioner annually shall review each report required under Subsection (c) for the preceding school year and:

(1) identify each school district that was not in compliance with Subsection (b) during that school year; and

(2) provide each district identified under Subdivision (1) a reasonable opportunity to comply with Subsection (b).

(e) The commissioner, in the year following a determination under Subsection (d) that a school district was not in compliance with Subsection (b) for the 2021-2022 school year or a subsequent school year, shall withhold from the district's foundation school fund payment an amount equal to the amount of bilingual education or special language funds the commissioner determines were not used in

compliance with Subsection (b). The commissioner shall release to a district funds withheld under this subsection when the district provides to the commissioner a detailed plan to spend those funds in compliance with Subsection (b). In determining whether a school district is subject to the withholding of funding required under this subsection, the commissioner may consider the district's average use of funds for the three preceding school years.

Sec. 48.106 [~~42.154~~]. CAREER AND TECHNOLOGY EDUCATION ALLOTMENT. (a) For each full-time equivalent student in average daily attendance in an approved career and technology education program in grades 7 [~~nine~~] through 12 [~~or in career and technology education programs for students with disabilities in grades seven through 12~~], a district is entitled to:

(1) an annual allotment equal to the [~~adjusted~~] basic allotment multiplied by a weight of 1.35; and

(2) \$50 for each of the following in which [~~7-if~~] the student is enrolled:

(A) [~~in~~] two or more advanced career and technology education classes for a total of three or more credits;

(B) a campus designated as a P-TECH school under Section 29.556; or

(C) a campus that is a member of the New Tech Network and that focuses on project-based learning and work-based education.

(b) In this section:

(1) "Career and technology education class" and "career and technology education program" include [~~a~~] technology

1 applications courses [~~course on cybersecurity adopted or selected~~
2 ~~by the State Board of Education under Section 28.025(c-10)~~].

3 (2) "Full-time equivalent student" means 30 hours of
4 contact a week between a student and career and technology
5 education program personnel.

6 (c) At least 55 percent of the funds [~~Funds~~] allocated under
7 this section[~~, other than an indirect cost allotment established~~
8 ~~under State Board of Education rule,~~] must be used in providing
9 career and technology education programs in grades 7 [~~nine~~] through
10 ~~12 [or career and technology education programs for students with~~
11 ~~disabilities in grades seven through 12 under Sections 29.182,~~
12 ~~29.183, and 29.184]~~.

13 [~~(d) The commissioner shall conduct a cost-benefit~~
14 ~~comparison between career and technology education programs and~~
15 ~~mathematics and science programs.~~

16 [~~(e) Out of the total statewide allotment for career and~~
17 ~~technology education under this section, the commissioner shall set~~
18 ~~aside an amount specified in the General Appropriations Act, which~~
19 ~~may not exceed an amount equal to one percent of the total amount~~
20 ~~appropriated, to support regional career and technology education~~
21 ~~planning. After deducting the amount set aside under this~~
22 ~~subsection from the total amount appropriated for career and~~
23 ~~technology education under this section, the commissioner shall~~
24 ~~reduce each district's tier one allotments in the same manner~~
25 ~~described for a reduction in allotments under Section 42.253.]~~

26 Sec. 48.107 [~~42.157~~]. PUBLIC EDUCATION GRANT ALLOTMENT.

27 (a) Except as provided by Subsection (b), for each student in

average daily attendance who is using a public education grant under Subchapter G, Chapter 29, to attend school in a district other than the district in which the student resides, the district in which the student attends school is entitled to an annual allotment equal to the ~~[adjusted]~~ basic allotment multiplied by a weight of 0.1.

(b) The total number of allotments under this section to which a district is entitled may not exceed the number by which the number of students using public education grants to attend school in the district exceeds the number of students who reside in the district and use public education grants to attend school in another district.

SECTION 1.031. Subchapter C, Chapter 48, Education Code, as added by this Act, is amended by adding Sections 48.108, 48.110, 48.1101, 48.111, 48.112, and 48.114 to read as follows:

Sec. 48.108. EARLY EDUCATION ALLOTMENT. (a) For each student in average daily attendance in kindergarten through third grade, a school district is entitled to an annual allotment equal to the basic allotment multiplied by 0.1 if the student is:

- (1) educationally disadvantaged; or
- (2) a student of limited English proficiency, as defined by Section 29.052, and is in a bilingual education or special language program under Subchapter B, Chapter 29.

(b) Funds allocated under this section must be used to fund programs and services designed to improve student performance in reading and mathematics in prekindergarten through third grade, including programs and services designed to assist the district in

achieving the goals set in the district's early childhood literacy and mathematics proficiency plans adopted under Section 11.185.

(c) A school district is entitled to an allotment under each subdivision of Subsection (a) for which a student qualifies.

(d) A school district may receive funding for a student under this section and under Sections 48.104 and 48.105, as applicable, if the student satisfies the requirements of each applicable section.

Sec. 48.110. COLLEGE, CAREER, OR MILITARY READINESS OUTCOMES BONUS. (a) The purpose of this section is to further the goal set under the state's master plan for higher education developed under Section 61.051 for at least 60 percent of all adults aged 25 to 34 in this state to achieve a postsecondary degree or workforce credential by 2030.

(b) For purposes of the outcomes bonus under this section, the commissioner shall determine the threshold percentage as provided by Subsection (g) for college, career, or military readiness as described by Subsection (f) for each of the following cohorts:

(1) annual graduates who are educationally disadvantaged;

(2) annual graduates who are not educationally disadvantaged; and

(3) annual graduates who are enrolled in a special education program under Subchapter A, Chapter 29, regardless of whether the annual graduates are educationally disadvantaged.

(c) Each year, the commissioner shall determine for each

1 school district the minimum number of annual graduates in each
2 cohort described by Subsection (b) who would have to demonstrate
3 college, career, or military readiness as described by Subsection
4 (f) in order for the district to achieve a percentage of college,
5 career, or military readiness for that cohort equal to the
6 threshold percentage established for that cohort under Subsection
7 (b).

8 (d) For each annual graduate in a cohort described by
9 Subsection (b) who demonstrates college, career, or military
10 readiness as described by Subsection (f) in excess of the minimum
11 number of students determined for the applicable district cohort
12 under Subsection (c), a school district is entitled to an annual
13 outcomes bonus of:

14 (1) if the annual graduate is educationally
15 disadvantaged, \$5,000;

16 (2) if the annual graduate is not educationally
17 disadvantaged, \$3,000; and

18 (3) if the annual graduate is enrolled in a special
19 education program under Subchapter A, Chapter 29, \$2,000,
20 regardless of whether the annual graduate is educationally
21 disadvantaged.

22 (e) A school district is entitled to an outcomes bonus under
23 each subdivision of Subsection (d) for which an annual graduate
24 qualifies.

25 (f) For purposes of this section, an annual graduate
26 demonstrates:

27 (1) college readiness if the annual graduate:

1 (A) achieves college readiness standards used
2 for accountability purposes under Chapter 39 on the ACT, the SAT, or
3 an assessment instrument designated by the Texas Higher Education
4 Coordinating Board under Section 51.334; and

5 (B) during a time period established by
6 commissioner rule, enrolls at a postsecondary educational
7 institution;

8 (2) career readiness if the annual graduate:

9 (A) achieves college readiness standards used
10 for accountability purposes under Chapter 39 on the ACT, the SAT, or
11 an assessment instrument designated by the Texas Higher Education
12 Coordinating Board under Section 51.334; and

13 (B) during a time period established by
14 commissioner rule, earns an industry-accepted certificate; and

15 (3) military readiness if the annual graduate:

16 (A) achieves a passing score set by the
17 applicable military branch on the Armed Services Vocational
18 Aptitude Battery; and

19 (B) during a time period established by
20 commissioner rule, enlists in the armed forces of the United
21 States.

22 (g) The commissioner shall establish the threshold
23 percentages under Subsection (b) using the 25th percentile of
24 statewide college, career, or military readiness as described by
25 Subsection (f) for the applicable cohort of annual graduates during
26 the 2016-2017 school year.

27 (h) On application by a school district, the commissioner

1 may allow annual graduates from the district to satisfy the
2 requirement for demonstrating career readiness under Subsection
3 (f)(2)(B) by successfully completing a coherent sequence of courses
4 required to obtain an industry-accepted certificate. The district
5 must demonstrate in the application that the district is unable to
6 provide sufficient courses or programs to enable students enrolled
7 at the district to earn an industry-accepted certificate within the
8 time period established by the commissioner under Subsection
9 (f)(2)(B). The commissioner by rule shall provide the criteria
10 required for an application under this subsection.

11 (i) At least 55 percent of the funds allocated under this
12 section must be used in grades 8 through 12 to improve college,
13 career, and military readiness outcomes as described by Subsection
14 (f).

15 Sec. 48.1101. STUDY ON ALTERNATIVE CAREER READINESS
16 MEASURES FOR SMALL AND RURAL DISTRICTS. (a) The agency shall
17 conduct a study on alternative career readiness measures for small
18 and rural school districts to determine if annual graduates
19 demonstrate career readiness under Section 48.110(f)(2)(B).

20 (b) Not later than January 1, 2021, the agency shall submit
21 to the legislature a report on the results of the study and any
22 recommendations for legislative or other action.

23 (c) This section expires September 1, 2021.

24 Sec. 48.111. FAST GROWTH ALLOTMENT. A school district in
25 which the growth in student enrollment in the district over the
26 preceding three school years is in the top quartile of student
27 enrollment growth in school districts in the state for that period,

1 as determined by the commissioner, is entitled to an annual
2 allotment equal to the basic allotment multiplied by 0.04 for each
3 student in average daily attendance.

4 Sec. 48.112. TEACHER INCENTIVE ALLOTMENT. (a) In this
5 section, "rural campus" means a school campus that is:

6 (1) located in:

7 (A) an area that is not designated as an
8 urbanized area or an urban cluster by the United States Census
9 Bureau; and

10 (B) a school district with fewer than 5,000
11 enrolled students; or

12 (2) designated as a rural campus under rules adopted
13 by the commissioner.

14 (b) To ensure classroom teachers in this state have access
15 to a six-figure salary, the allotment provided to a school district
16 under this section offers resources to the district to increase
17 teacher compensation and prioritize funding for high needs and
18 rural district campuses.

19 (c) For each classroom teacher with a teacher designation
20 under Section 21.3521 employed by a school district, the school
21 district is entitled to an allotment equal to the following
22 applicable base amount increased by the high needs and rural factor
23 as determined under Subsection (d):

24 (1) \$12,000, or an increased amount not to exceed
25 \$32,000 as determined under Subsection (d), for each master
26 teacher;

27 (2) \$6,000, or an increased amount not to exceed

\$18,000 as determined under Subsection (d), for each exemplary teacher; and

(3) \$3,000, or an increased amount not to exceed \$9,000 as determined under Subsection (d), for each recognized teacher.

(d) The high needs and rural factor is determined by multiplying the following applicable amounts by the average of the point value assigned to each student at a district campus under Subsection (e):

(1) \$5,000 for each master teacher;

(2) \$3,000 for each exemplary teacher; and

(3) \$1,500 for each recognized teacher.

(e) Except as provided by Subsection (f), a point value for each student at a district campus shall be assigned as follows:

(1) 0, for a student for whom the district does not receive a compensatory education allotment under Section 48.104(b) or (e); or

(2) 0.5, 1.0, 2.0, 3.0, or 4.0, respectively, from least to most severe economic disadvantage according to the census block group in which the student resides, for a student for whom the district receives a compensatory education allotment under Section 48.104(b) or (e).

(f) If the campus at which a student is enrolled is classified as a rural campus, a student is assigned the point value two tiers higher than the student's point value determined under Subsection (e)(1) or (2).

(g) A district is entitled to receive an increased allotment

under this section in the amount necessary for reimbursement for any fees paid under Section 21.3521.

(h) The commissioner shall annually make available to the public a list of campuses with the projected allotment amounts per teacher designation at each campus.

(i) A district shall annually certify that:

(1) funds received under this section were used as follows:

(A) at least 90 percent of each allotment received under Subsection (c) was used for the compensation of teachers employed at the campus at which the teacher for whom the district received the allotment is employed; and

(B) any other funds received under this section were used for costs associated with implementing Section 21.3521, including efforts to support teachers in obtaining designations; and

(2) the district prioritized high needs campuses in the district in using funds received under this section.

Sec. 48.114. MENTOR PROGRAM ALLOTMENT. (a) A school district that has implemented a mentoring program for classroom teachers who have less than two years of teaching experience under Section 21.458 is entitled to an allotment as determined under Subsection (b) to fund the mentoring program and to provide stipends for mentor teachers.

(b) The commissioner shall adopt a formula to determine the amount to which each district described by Subsection (a) is entitled.

1 (c) Funding provided to districts under this section may be
2 used only for providing:

- 3 (1) mentor teacher stipends;
4 (2) scheduled release time for mentor teachers and the
5 classroom teachers to whom they are assigned for meeting and
6 engaging in mentoring activities; and
7 (3) mentoring support through providers of mentor
8 training.

9 SECTION 1.032. Chapter 48, Education Code, as added by this
10 Act, is amended by adding Subchapter D, and a heading is added to
11 that subchapter to read as follows:

12 SUBCHAPTER D. ADDITIONAL FUNDING

13 SECTION 1.033. Sections 42.155 and 42.158, Education Code,
14 are transferred to Subchapter D, Chapter 48, Education Code, as
15 added by this Act, redesignated as Sections 48.151 and 48.152,
16 Education Code, and amended to read as follows:

17 Sec. 48.151 [~~42.155~~]. TRANSPORTATION ALLOTMENT. (a) Each
18 district or county operating a transportation system is entitled to
19 allotments for transportation costs as provided by this section.

20 (b) As used in this section:

- 21 (1) "Regular eligible student" means a student who:
22 (A) resides two or more miles from the student's
23 campus of regular attendance, measured along the shortest route
24 that may be traveled on public roads, and who is not classified as a
25 student eligible for special education services; or

- 26 (B) is a homeless child or youth, as defined by 42
27 U.S.C. Section 11434a.

1 (2) "Eligible special education student" means a
2 student who is eligible for special education services under
3 Section 29.003 and who would be unable to attend classes without
4 special transportation services.

5 ~~[(3) "Linear density" means the average number of~~
6 ~~regular eligible students transported daily, divided by the~~
7 ~~approved daily route miles traveled by the respective~~
8 ~~transportation system.]~~

9 (c) Each district or county operating a regular
10 transportation system is entitled to an allotment based on a rate
11 per mile ~~[the daily cost]~~ per regular eligible student set ~~[of~~
12 ~~operating and maintaining the regular transportation system and the~~
13 ~~linear density of that system. In determining the cost, the~~
14 ~~commissioner shall give consideration to factors affecting the~~
15 ~~actual cost of providing these transportation services in each~~
16 ~~district or county. The average actual cost is to be computed by the~~
17 ~~commissioner and included for consideration]~~ by the legislature in
18 the General Appropriations Act. ~~[The allotment per mile of approved~~
19 ~~route may not exceed the amount set by appropriation.]~~

20 (d) A district or county may apply for and on approval of the
21 commissioner receive an additional amount of up to 10 percent of its
22 regular transportation allotment to be used for the transportation
23 of children living within two miles of the school they attend who
24 would be subject to hazardous traffic conditions or a high risk of
25 violence if they walked to school.

26 (d-1) For purposes of Subsection (d), each board of trustees
27 shall provide to the commissioner an explanation of the hazardous

1 traffic conditions or areas presenting a high risk of violence
2 applicable to that district and shall identify the specific
3 hazardous or high-risk areas for which the allocation is
4 requested. A hazardous traffic condition exists where no walkway
5 is provided and children must walk along or cross a freeway or
6 expressway, an underpass, an overpass or a bridge, an uncontrolled
7 major traffic artery, an industrial or commercial area, or another
8 comparable condition. An area presents a high risk of violence if
9 law enforcement records indicate a high incidence of violent crimes
10 in the area. Each board of trustees requesting funds for an area
11 presenting a high risk of violence must, in addition to the
12 explanation required by this subsection, provide the commissioner
13 with consolidated law enforcement records that document violent
14 crimes identified by reporting agencies within the relevant
15 jurisdiction.

16 (d-2) A district or county may use all or part of any funds
17 received under Subsection (d) to support community walking
18 transportation programs, including walking school bus programs,
19 provided that the district or county requires each supported
20 program to submit a financial report to the district or county each
21 semester that covers services provided by the program for the
22 benefit of the district or county. The commissioner shall adopt
23 rules governing the transportation allotment as necessary to permit
24 a district or county to receive funds under Subsection (d) that may
25 be used to support innovative school safety projects, including
26 community walking transportation programs as provided by this
27 subsection and any other appropriate safety project, including

1 rules defining an approved walking route mile that may be used as
2 necessary in implementing this subsection.

3 (e) The commissioner may grant an amount set by
4 appropriation for private or commercial transportation for
5 eligible students from isolated areas. The need for this type of
6 transportation grant shall be determined on an individual basis and
7 the amount granted shall not exceed the actual cost. The grants may
8 be made only in extreme hardship cases. A grant may not be made if
9 the students live within two miles of an approved school bus route.

10 (f) The cost of transporting career and technology
11 education students from one campus to another inside a district,
12 ~~[or]~~ from a sending district to another secondary public school for
13 a career and technology program or an area career and technology
14 school or to an approved post-secondary institution under a
15 contract for instruction approved by the agency, or from a district
16 campus to a location at which students are provided work-based
17 learning under the district's career and technology program shall
18 be reimbursed based on the number of actual miles traveled times the
19 district's official extracurricular travel per mile rate as set by
20 the board of trustees and approved by the agency.

21 (g) A school district or county that provides special
22 transportation services for eligible special education students is
23 entitled to a state allocation paid on a previous year's
24 cost-per-mile basis. The ~~[maximum]~~ rate per mile allowable shall
25 be set by appropriation based on data gathered from the first year
26 of each preceding biennium. Districts may use a portion of their
27 support allocation to pay transportation costs, if necessary. The

1 commissioner may grant an amount set by appropriation for private
2 transportation to reimburse parents or their agents for
3 transporting eligible special education students. The mileage
4 allowed shall be computed along the shortest public road from the
5 student's home to school and back, morning and afternoon. The need
6 for this type transportation shall be determined on an individual
7 basis and shall be approved only in extreme hardship cases.

8 (h) Funds allotted under this section must be used in
9 providing transportation services.

10 (i) In the case of a district belonging to a county
11 transportation system, the district's transportation allotment for
12 purposes of determining a district's foundation school program
13 allocations is determined on the basis of the number of approved
14 daily route miles in the district ~~[multiplied by the allotment per~~
15 ~~mile to which the county transportation system is entitled]~~.

16 (j) The Texas School for the Deaf is entitled to an
17 allotment under this section. The commissioner shall determine the
18 appropriate allotment.

19 (k) Notwithstanding any other provision of this section,
20 the commissioner may not reduce the allotment to which a district or
21 county is entitled under this section because the district or
22 county provides transportation for an eligible student to and from
23 a child-care facility, as defined by Section 42.002, Human
24 Resources Code, or a grandparent's residence instead of the
25 student's residence, as authorized by Section 34.007 of this code
26 ~~[, if the transportation is provided within the approved routes of~~
27 ~~the district or county for the school the student attends]~~.

(1) A school district may, with the funds allotted under this section, provide a bus pass or card for another transportation system to each student who is eligible to use the regular transportation system of the district but for whom the regular transportation system of the district is not a feasible method of providing transportation. The commissioner by rule shall provide procedures for a school district to provide bus passes or cards to students under this subsection.

(m) A school district shall be reimbursed on a per-mile basis for the cost of transporting a dual credit student to another campus in the district, a campus in another district, or a postsecondary educational institution for purposes of attending the course, if the course is not available at the student's campus.

Sec. 48.152 [~~42.158~~]. NEW INSTRUCTIONAL FACILITY ALLOTMENT. (a) In this section:

(1) "Instructional facility" has the meaning assigned by Section 46.001.

(2) "New instructional facility" includes:

(A) a newly constructed instructional facility;
(B) a repurposed instructional facility; and
(C) a leased facility operating for the first time as an instructional facility with a minimum lease term of not less than 10 years.

(b) A school district is entitled to an additional allotment as provided by this section for operational expenses associated with opening a new instructional facility.

(c) [~~(a-1)~~] A school district entitled to an allotment

1 under this section may use funds from the district's allotment to
2 renovate an existing instructional facility to serve as a dedicated
3 cybersecurity computer laboratory.

4 (d) ~~[(b)]~~ For the first school year in which students attend
5 a new instructional facility, a school district is entitled to an
6 allotment of \$1,000 for each student in average daily attendance at
7 the facility. For the second school year in which students attend
8 that instructional facility, a school district is entitled to an
9 allotment of \$1,000 for each additional student in average daily
10 attendance at the facility.

11 (e) ~~[(c)]~~ For purposes of this section, the number of
12 additional students in average daily attendance at a facility is
13 the difference between the number of students in average daily
14 attendance in the current year at that facility and the number of
15 students in average daily attendance at that facility in the
16 preceding year.

17 (f) ~~The [(d) Subject to Subsection (d-1), the]~~ amount
18 appropriated for allotments under this section may not exceed \$100
19 ~~[\$25]~~ million in a school year. If the total amount of allotments
20 to which districts are entitled under this section for a school year
21 exceeds the amount appropriated under this subsection, the
22 commissioner shall reduce each district's allotment under this
23 section in the manner provided by Section 48.266(f) ~~[42.253(h)]~~.

24 ~~[(d-1) In addition to the appropriation amount described by~~
25 ~~Subsection (d), the amount of \$1 million may be appropriated each~~
26 ~~school year to supplement the allotment to which a school district~~
27 ~~is entitled under this section that may be provided using the~~

~~appropriation amount described by Subsection (d). The commissioner shall first apply the funds appropriated under this subsection to prevent any reduction under Subsection (d) in the allotment for attendance at an eligible high school instructional facility, subject to the maximum amount of \$1,000 for each student in average daily attendance. Any funds remaining after preventing all reductions in amounts due for high school instructional facilities may be applied proportionally to all other eligible instructional facilities, subject to the maximum amount of \$1,000 for each student in average daily attendance.~~

~~[(e) A school district that is required to take action under Chapter 41 to reduce its wealth per student to the equalized wealth level is entitled to a credit, in the amount of the allotments to which the district is entitled under this section, against the total amount required under Section 41.093 for the district to purchase attendance credits. A school district that is otherwise ineligible for state aid under this chapter is entitled to receive allotments under this section.~~

~~[(f) The commissioner may adopt rules necessary to implement this section.~~

~~[(g) In this section:~~

~~[(1) "Instructional facility" has the meaning assigned by Section 46.001.~~

~~[(2) "New instructional facility" includes:~~

~~[(A) a newly constructed instructional facility,~~

~~[(B) a repurposed instructional facility, and~~

~~[(C) a leased facility operating for the first~~

~~time as an instructional facility with a minimum lease term of not less than 10 years.]~~

SECTION 1.034. Subchapter D, Chapter 48, Education Code, as added by this Act, is amended by adding Section 48.153 to read as follows:

Sec. 48.153. DROPOUT RECOVERY SCHOOL AND RESIDENTIAL PLACEMENT FACILITY ALLOTMENT. A school district or open-enrollment charter school is entitled to \$275 for each student in average daily attendance who:

- (1) resides in a residential placement facility; or
- (2) is at a district or school or a campus of the district or school that is designated as a dropout recovery school under Section 39.0548.

SECTION 1.035. Section 42.106, Education Code, is transferred to Subchapter D, Chapter 48, Education Code, as added by this Act, redesignated as Section 48.154, and amended to read as follows:

Sec. 48.154 [42.106]. TUITION ALLOTMENT FOR DISTRICTS NOT OFFERING ALL GRADE LEVELS. A school district that contracts for students residing in the district to be educated in another district under Section 25.039(a) is entitled to receive an allotment equal to the total amount of tuition required to be paid by the district under Section 25.039, not to exceed the amount specified by commissioner rule under Section 25.039(b).

SECTION 1.036. Subchapter D, Chapter 48, Education Code, as added by this Act, is amended by adding Sections 48.155 and 48.156 to read as follows:

1 Sec. 48.155. COLLEGE PREPARATION ASSESSMENT REIMBURSEMENT.

2 A school district is entitled to reimbursement for the amount of
3 fees paid by the district for the administration of an assessment
4 instrument under Section 39.0261(a)(3).

5 Sec. 48.156. CERTIFICATION EXAMINATION REIMBURSEMENT. A

6 school district is entitled to reimbursement for the amount of a
7 subsidy paid by the district for a student's certification
8 examination under Section 29.190(a) as provided by Section
9 29.190(c).

10 SECTION 1.037. Chapter 48, Education Code, as added by this
11 Act, is amended by adding Subchapter E, and a heading is added to
12 that subchapter to read as follows:

13 SUBCHAPTER E. TIER TWO ENTITLEMENT

14 SECTION 1.038. Sections 42.301, 42.302, 42.303, and 42.304,
15 Education Code, are transferred to Subchapter E, Chapter 48,
16 Education Code, as added by this Act, redesignated as Sections
17 48.201, 48.202, 48.203, and 48.204, Education Code, and amended to
18 read as follows:

19 Sec. 48.201 [~~42.301~~]. PURPOSE. The purpose of the tier
20 two [~~guaranteed yield~~] component of the Foundation School Program
21 is to provide each school district with the opportunity to provide
22 the basic program and to supplement that program at a level of its
23 own choice. An allotment under this subchapter may be used for any
24 legal purpose other than capital outlay or debt service.

25 Sec. 48.202 [~~42.302~~]. TIER TWO ALLOTMENT. (a) Each school
26 district is guaranteed a specified amount per weighted student in
27 state and local funds for each cent of tax effort over that required

for the district's local fund assignment up to the maximum level specified in this subchapter. The amount of state support, subject only to the maximum amount under Section 48.203 [~~42.303~~], is determined by the formula:

$$\text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

where:

"GYA" is the guaranteed yield amount of state funds to be allocated to the district;

"GL" is the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, which is an amount described by Subsection (a-1) or a greater amount for any year provided by appropriation;

"WADA" is the number of students in weighted average daily attendance, which is calculated by dividing the sum of the school district's allotments under Subchapters B and C [~~, less any allotment to the district for transportation, any allotment under Section 42.158 or 42.160, and 50 percent of the adjustment under Section 42.102,~~] by the basic allotment for the applicable year;

"DTR" is the district enrichment tax rate of the school district, which is determined by subtracting the amounts specified by Subsection (b) from the total amount of maintenance and operations taxes collected by the school district for the applicable school year and dividing the difference by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 48.258 [~~42.2521~~], divided by 100; and

"LR" is the local revenue, which is determined by multiplying

"DTR" by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 48.258 [~~42.2521~~], divided by 100.

(a-1) For purposes of Subsection (a), the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") for a school district is:

(1) the greater of the amount of district tax revenue per weighted student per cent of tax effort [~~that would be~~ available to a school district at the 96th percentile of wealth per weighted student [~~the Austin Independent School District, as determined by the commissioner in cooperation with the Legislative Budget Board, if the reduction of the limitation on tax increases as provided by Section 11.26(a-1), (a-2), or (a-3), Tax Code, did not apply,~~] or the amount that results from multiplying 6,160, or the greater amount provided under Section 48.051(b), if applicable, by 0.016 [~~of district tax revenue per weighted student per cent of tax effort used for purposes of this subdivision in the preceding school year~~], for the first eight [~~six~~] cents by which the district's maintenance and operations tax rate exceeds the district's tier one tax rate [~~equal to the sum of the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year and any additional tax effort included in calculating the district's compressed tax rate under Section 42.101(a-1)]~~]; and

(2) subject to Subsection (f), the amount that results from multiplying \$6,160, or the greater amount provided under

1 Section 48.051(b), if applicable, by 0.008 [~~\$31.95~~], for the
2 district's maintenance and operations tax effort that exceeds the
3 amount of tax effort described by Subdivision (1).

4 (a-2) The limitation on district enrichment tax rate
5 ("DTR") under Section 48.203 [~~42.303~~] does not apply to the
6 district's maintenance and operations tax effort described by
7 Subsection (a-1)(1).

8 (b) In computing the district enrichment tax rate of a
9 school district, the total amount of maintenance and operations
10 taxes collected by the school district does not include the amount
11 of:

12 (1) the district's local fund assignment under Section
13 48.256 [~~42.252~~]; or

14 (2) taxes paid into a tax increment fund under Chapter
15 311, Tax Code.

16 (c) For purposes of this section, school district taxes for
17 which credit is granted under Section 31.035, 31.036, or 31.037,
18 Tax Code, are considered taxes collected by the school district as
19 if the taxes were paid when the credit for the taxes was granted.

20 (d) For purposes of this section, the total amount of
21 maintenance and operations taxes collected for an applicable school
22 year by a school district with alternate tax dates, as authorized by
23 Section 26.135, Tax Code, is the amount of taxes collected on or
24 after January 1 of the year in which the school year begins and not
25 later than December 31 of the same year.

26 (e) For purposes of this section, school district taxes for
27 which credit is granted under former Subchapter D, Chapter 313, Tax

Code, are considered taxes collected by the school district as if the taxes were paid when the credit for the taxes was granted.

(f) For a school year in which the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") under Subsection (a-1)(2) exceeds the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") under Subsection (a-1)(2) for the preceding school year, a school district shall reduce the district's tax rate under Section 45.0032(b)(2) for the tax year that corresponds to that school year to a rate that results in the amount of state and local funds per weighted student per cent of tax effort available to the district at the dollar amount guaranteed level for the preceding school year. A school district is not entitled to the amount equal to the increase of revenue described by this subsection for the school year for which the district must reduce the district's tax rate. Unless Section 26.08(a-1), Tax Code, applies to the district, for a tax year in which a district must reduce the district's tax rate under this subsection, the district may not increase the district's maintenance and operations tax rate to a rate that exceeds the maximum maintenance and operations tax rate permitted under Section 45.003(d) or (f), as applicable, minus the reduction of tax effort required under this subsection. This subsection does not apply if the amount of state funds appropriated for a school year specifically excludes the amount necessary to provide the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort under Subsection (a-1)(2) [If a school district imposes a

~~maintenance and operations tax at a rate greater than the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, the district is entitled to receive an allotment under this section on the basis of that greater tax effort].~~

(f-1) Notwithstanding Subsection (f), for the 2019-2020 school year, the reduction of a school district's tax rate required under Subsection (f) applies to the district's total enrichment tax rate under Section 45.0032(b) minus eight cents. This subsection expires September 1, 2020.

Sec. 48.203 [~~42.303~~]. LIMITATION ON ENRICHMENT TAX RATE. The district enrichment tax rate ("DTR") under Section 48.202 [~~42.302~~] may not exceed the amount per \$100 of valuation by which the maximum rate permitted under Section 45.003 exceeds the rate used to determine the district's local share under Section 48.256 [~~42.252~~], or a greater amount for any year provided by appropriation.

Sec. 48.204 [~~42.304~~]. COMPUTATION OF AID FOR DISTRICT ON MILITARY RESERVATION OR AT STATE SCHOOL. State assistance under this subchapter for a school district located on a federal military installation or at Moody State School is computed using the average tax rate and property value per student of school districts in the county, as determined by the commissioner.

SECTION 1.039. Chapter 48, Education Code, as added by this Act, is amended by adding Subchapter F, and a heading is added to that subchapter to read as follows:

SUBCHAPTER F. FINANCING THE PROGRAM

SECTION 1.040. Sections 42.251, 42.2511, 42.2514, 42.2515, 42.2516, and 42.252, Education Code, are transferred to Subchapter F, Chapter 48, Education Code, as added by this Act, redesignated as Sections 48.251, 48.252, 48.253, 48.254, 48.255, and 48.256, Education Code, and amended to read as follows:

Sec. 48.251 [~~42.251~~]. FINANCING; GENERAL RULE. (a) The cost of the Foundation School Program for a school district is the total sum of:

(1) the sum of the tier one allotments and other funding as follows:

(A) the basic allotment under Subchapter B;
(B) [~~and~~] the student-based [~~special~~] allotments under Subchapter C; and
(C) the additional funding under Subchapter D;
and

(2) [~~, computed in accordance with this chapter, constitute the tier one allotments. The sum of the tier one allotments and~~] the tier two allotment [~~guaranteed yield allotments~~] under Subchapter E.

(b) The sum of the Foundation School Program maintenance and operations costs for all accredited school districts in this state constitutes [~~F, computed in accordance with this chapter, constitute~~] the total maintenance and operations cost of the Foundation School Program.

(c) [~~(b)~~] The program shall be financed by:

(1) state available school funds distributed in

1 accordance with the law [~~ad valorem tax revenue generated by an~~
2 ~~equalized uniform school district effort~~];

3 (2) ad valorem tax revenue generated by local school
4 district effort [~~in excess of the equalized uniform school district~~
5 ~~effort~~]; and

6 (3) [~~state available school funds distributed in~~
7 ~~accordance with law~~]; and

8 [~~(4)~~] state funds appropriated for the purposes of
9 public school education and allocated to each district in an amount
10 sufficient to finance the cost of each district's Foundation School
11 Program not covered by other funds specified in this subsection.

12 Sec. 48.252 [~~42.2511~~]. SCHOOL DISTRICT ENTITLEMENT FOR
13 CERTAIN STUDENTS. (a) This section applies only to:

14 (1) a school district and an open-enrollment charter
15 school that enter into a contract to operate a district campus as
16 provided by Section 11.174; and

17 (2) a charter granted by a school district for a
18 program operated by an entity that has entered into a contract under
19 Section 11.174, provided that the district does not appoint a
20 majority of the governing body of the charter holder.

21 (b) Notwithstanding any other provision of this chapter or
22 Chapter 49 [~~41~~], a school district subject to this section is
23 entitled to receive for each student in average daily attendance at
24 the campus described by Subsection (a) an amount equivalent to the
25 difference, if the difference results in increased funding,
26 between:

27 (1) the amount described by Section 12.106; and

(2) the amount to which the district would be entitled under this chapter.

(c) The commissioner shall adopt rules as necessary to administer this section.

Sec. 48.253 [~~42.2514~~]. ADDITIONAL STATE AID FOR TAX INCREMENT FINANCING PAYMENTS. (a) For each school year, a school district [~~, including a school district that is otherwise ineligible for state aid under this chapter,~~] is entitled to state aid in an amount equal to the amount the district is required to pay into the tax increment fund for a reinvestment zone under Section 311.013(n), Tax Code.

(b) A school district shall provide to the agency any agreements, amendments to agreements, or other information required by the agency to implement this section.

Sec. 48.254 [~~42.2515~~]. ADDITIONAL STATE AID FOR AD VALOREM TAX CREDITS UNDER TEXAS ECONOMIC DEVELOPMENT ACT. [~~(a)~~] For each school year, a school district, including a school district that is otherwise ineligible for state aid under this chapter, is entitled to state aid in an amount equal to the amount of all tax credits credited against ad valorem taxes of the district in that year under former Subchapter D, Chapter 313, Tax Code.

~~[(b) The commissioner may adopt rules to implement and administer this section.]~~

Sec. 48.255 [~~42.2516~~]. STATE COMPRESSION PERCENTAGE. (a) In this title, "state compression percentage" means the percentage of the rate of \$1.00 per \$100 valuation of taxable property at which a school district must levy a [~~district's adopted~~] maintenance and

operations tax to receive the full amount of the tier one allotment to which the district is entitled under this chapter.

(b) ~~The [tax rate for the 2005 tax year that serves as the basis for state funding. If the]~~ state compression percentage is:

(1) 93 percent; or

(2) a lower percentage set ~~[not established]~~ by appropriation for a school year ~~[, the commissioner shall determine the state compression percentage for each school year based on the percentage by which a district is able to reduce the district's maintenance and operations tax rate for that year, as compared to the district's adopted maintenance and operations tax rate for the 2005 tax year, as a result of state funds appropriated for that year from the property tax relief fund established under Section 403.109, Government Code, or from another funding source available for school district property tax relief.~~

~~[(g) The commissioner may adopt rules necessary to implement this section.~~

~~[(h) A determination by the commissioner under this section is final and may not be appealed].~~

Sec. 48.256 ~~[42.252]~~. LOCAL SHARE OF PROGRAM COST (TIER ONE). (a) Each school district's share of the Foundation School Program is determined by the following formula:

$$LFA = TR \times DPV$$

where:

"LFA" is the school district's local share;

"TR" is the school district's adopted tier one maintenance and operations ~~[a]~~ tax rate, as described by Section 45.0032(a)

~~[which] for each hundred dollars of valuation [is an effective tax rate of the amount equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the lesser of:~~

~~[(1) \$1.50; or~~

~~[(2) the maintenance and operations tax rate adopted by the district for the 2005 tax year]; and~~

"DPV" is the taxable value of property in the school district for the current ~~[preceding]~~ tax year determined under Subchapter M, Chapter 403, Government Code.

~~[(a-1) Notwithstanding Subsection (a), for a school district that adopted a maintenance and operations tax rate for the 2005 tax year below the maximum rate permitted by law for that year, the district's tax rate ("TR") includes the tax effort included in calculating the district's compressed tax rate under Section 42.101(a-1).]~~

(b) The commissioner shall adjust the values reported by ~~[in the official report of]~~ the comptroller ~~[as required by Section 5.09(a), Tax Code,]~~ to reflect reductions in taxable value of property resulting from natural or economic disaster ~~[after January 1]~~ in the year in which the valuations are determined. The decision of the commissioner is final. An adjustment does not affect the local fund assignment of any other school district.

(c) Appeals of district values shall be held pursuant to Section 403.303, Government Code.

(d) This subsection applies to a school district in which the board of trustees entered into a written agreement with a

property owner under Section 313.027, Tax Code, for the implementation of a limitation on appraised value under Subchapter B or C, Chapter 313, Tax Code. For purposes of determining "DPV" under Subsection (a) for a school district to which this subsection applies, the commissioner shall exclude a portion of the market value of property not otherwise fully taxable by the district under Subchapter B or C, Chapter 313, Tax Code, before the expiration of the subchapter. The comptroller shall provide information to the agency necessary for this subsection. A revenue protection payment required as part of an agreement for a limitation on appraised value shall be based on the district's taxable value of property for the preceding tax year.

(e) Subsection (d) does not apply to property that was the subject of an application under Subchapter B or C, Chapter 313, Tax Code, made after May 1, 2009, that the comptroller recommended should be disapproved. [A school district must raise its total local share of the Foundation School Program to be eligible to receive foundation school fund payments.]

SECTION 1.041. Subchapter F, Chapter 48, Education Code, as added by this Act, is amended by adding Section 48.257 to read as follows:

Sec. 48.257. LOCAL REVENUE LEVEL IN EXCESS OF ENTITLEMENT.

(a) Subject to Subsection (b), if a school district's tier one local share under Section 48.256 exceeds the district's entitlement under Section 48.266(a)(1) less the district's distribution from the state available school fund, the district must reduce the district's tier one revenue level in accordance with Chapter 49 to a

1 level not to exceed the district's entitlement under Section
2 48.266(a)(1) less the district's distribution from the state
3 available school fund.

4 (b) This subsection applies only to a school district to
5 which Subsection (a) applies. If a district's maintenance and
6 operations tax collections from the tax rate described by Section
7 45.0032(a) for the current tax year minus the required reduction in
8 a district's tier one revenue level under Subsection (a) results in
9 an amount that is less than the amount of the district's entitlement
10 under Section 48.266(a)(1) less the district's distribution from
11 the state available school fund, the agency shall adjust the amount
12 of the reduction required in the district's tier one revenue level
13 under Subsection (a) up to the amount of local funds necessary for
14 the district's entitlement under Section 48.266(a)(1) less the
15 district's distribution from the state available school fund.

16 (c) For purposes of Subsection (a), state aid to which a
17 district is entitled under this chapter that is not described by
18 Section 48.266(a)(1), (2), or (3) may offset the amount by which a
19 district must reduce the district's tier one revenue level under
20 Subsection (a). Any amount of state aid used as an offset under this
21 subsection shall reduce the amount of state aid to which the
22 district is entitled.

23 (d) Except as provided by Subsection (e), a school district
24 is entitled to retain the total amount of the district's tier two
25 local share described by Section 48.266(a)(5)(A).

26 (e) In any school year for which the amount of state funds
27 appropriated specifically excludes the amount necessary to provide

1 the dollar amount guaranteed level of state and local funds per
 2 weighted student per cent of tax effort under Section
 3 48.202(a-1)(1), a district may only retain the amount of the
 4 district's tier two local share described by Section
 5 48.266(a)(5)(A) equal to the amount of revenue that would be
 6 generated based on the amount appropriated for the dollar amount
 7 guaranteed level of state and local funds.

8 (f) If the amount of a school district's tier two local
 9 share described by Section 48.266(a)(5)(B) to which a district is
 10 entitled exceeds the amount described by Section 48.202(a-1)(2),
 11 the district must reduce the district's revenue in accordance with
 12 Chapter 49 to a level not to exceed the amount described by Section
 13 48.202 (a-1)(2).

14 (g) For a district to which Section 45.003(f) applies,
 15 revenue generated from any cents of maintenance and operations tax
 16 effort that exceeds the maximum rate permitted under Section
 17 45.003(d) is subject to the revenue limit established under
 18 Subsection (f).

19 SECTION 1.042. Sections 42.2521, 42.2522, 42.2523,
 20 42.2524, 42.2525, 42.2526, 42.2527, 42.2528, 42.253, 42.2531,
 21 42.2532, 42.254, 42.255, 42.257, 42.258, 42.259, 42.2591, and
 22 42.260, Education Code, are transferred to Subchapter F, Chapter
 23 48, Education Code, as added by this Act, redesignated as Sections
 24 48.258, 48.259, 48.260, 48.261, 48.262, 48.263, 48.264, 48.265,
 25 48.266, 48.267, 48.268, 48.269, 48.270, 48.271, 48.272, 48.273,
 26 48.274, and 48.275, Education Code, and amended to read as follows:

27 Sec. 48.258 [~~42.2521~~]. ADJUSTMENT FOR RAPID DECLINE IN

1 TAXABLE VALUE OF PROPERTY. (a) For purposes of Chapters [~~41 and~~
2 46 and 49 and this chapter, and to the extent money specifically
3 authorized to be used under this section is available, the
4 commissioner shall adjust the taxable value of property in a school
5 district that, due to factors beyond the control of the board of
6 trustees, experiences a rapid decline in the tax base used in
7 calculating taxable values in excess of four percent of the tax base
8 used in the preceding year.

9 (b) To the extent that a sufficient amount of money is not
10 available to fund all adjustments under this section, the
11 commissioner shall reduce adjustments in the manner provided by
12 Section 48.266(f) [~~42.253(h)~~] so that the total amount of
13 adjustments equals the amount of money available to fund the
14 adjustments.

15 (c) A decision of the commissioner under this section is
16 final and may not be appealed.

17 Sec. 48.259 [~~42.2522~~]. ADJUSTMENT FOR OPTIONAL HOMESTEAD
18 EXEMPTION. (a) In any school year, the commissioner may not
19 provide funding under this chapter or Chapter 46 based on a school
20 district's taxable value of property computed in accordance with
21 Section 403.302(d)(2), Government Code, unless:

22 (1) funds are specifically appropriated for purposes
23 of this section; or

24 (2) the commissioner determines that the total amount
25 of state funds appropriated for purposes of the Foundation School
26 Program for the school year exceeds the amount of state funds
27 distributed to school districts in accordance with Section 48.266

1 ~~[42.253]~~ based on the taxable values of property in school
2 districts computed in accordance with Section 403.302(d),
3 Government Code, without any deduction for residence homestead
4 exemptions granted under Section 11.13(n), Tax Code.

5 (b) In making a determination under Subsection (a)(2), the
6 commissioner shall:

7 (1) notwithstanding Section 48.266(b) ~~[42.253(b)]~~,
8 reduce the entitlement under this chapter of a school district
9 whose final taxable value of property is higher than the estimate
10 under Section 48.269 ~~[42.254]~~ and make payments to school districts
11 accordingly; and

12 (2) give priority to school districts that, due to
13 factors beyond the control of the board of trustees, experience a
14 rapid decline in the tax base used in calculating taxable values in
15 excess of four percent of the tax base used in the preceding year.

16 (c) In the first year of a state fiscal biennium, before
17 providing funding as provided by Subsection (a)(2), the
18 commissioner shall ensure that sufficient appropriated funds for
19 purposes of the Foundation School Program are available for the
20 second year of the biennium, including funds to be used for purposes
21 of Section 48.258 ~~[42.2521]~~.

22 (d) If the commissioner determines that the amount of funds
23 available under Subsection (a)(1) or (2) does not at least equal the
24 total amount of state funding to which districts would be entitled
25 if state funding under this chapter were based on the taxable values
26 of property in school districts computed in accordance with Section
27 403.302(d)(2), Government Code, the commissioner may, to the extent

1 necessary, provide state funding based on a uniform lesser fraction
2 of the deduction under Section 403.302(d)(2), Government Code.

3 (e) The commissioner shall notify school districts as soon
4 as practicable as to the availability of funds under this section.
5 For purposes of computing a rollback tax rate under Section 26.08,
6 Tax Code, a district shall adjust the district's tax rate limit to
7 reflect assistance received under this section.

8 Sec. 48.260 [~~42.2523~~]. ADJUSTMENT FOR PROPERTY VALUE
9 AFFECTED BY STATE OF DISASTER. (a) For purposes of Chapters [~~41~~
10 ~~and~~] 46 and 49 and this chapter, the commissioner shall adjust the
11 taxable value of property of a school district all or part of which
12 is located in an area declared a disaster area by the governor under
13 Chapter 418, Government Code, as necessary to ensure that the
14 district receives funding based as soon as possible on property
15 values as affected by the disaster.

16 (b) The commissioner may fund adjustments under this
17 section using funds specifically appropriated for the purpose or
18 other funds available to the commissioner for that purpose.

19 (c) [~~(d)~~] A decision of the commissioner under this section
20 is final and may not be appealed.

21 Sec. 48.261 [~~42.2524~~]. REIMBURSEMENT FOR DISASTER
22 REMEDIATION COSTS. (a) This section applies only to a school
23 district all or part of which is located in an area declared a
24 disaster area by the governor under Chapter 418, Government Code,
25 and that incurs disaster remediation costs as a result of the
26 disaster.

27 (b) During the two-year period following the date of the

governor's initial proclamation or executive order declaring a state of disaster, a district may apply to the commissioner for reimbursement of disaster remediation costs that the district pays during that period and does not anticipate recovering through insurance proceeds, federal disaster relief payments, or another similar source of reimbursement.

(c) The commissioner may provide reimbursement under this section only if funds are available for that purpose from ~~as follows~~:

~~(1) [reimbursement for a school district not required to take action under Chapter 41 may be provided from:~~

~~[(A)]~~ amounts appropriated for that purpose, including amounts appropriated for school ~~[those]~~ districts for that purpose to the disaster contingency fund established under Section 418.073, Government Code; or

(2) ~~[(B)]~~ Foundation School Program funds available for that purpose, based on a determination by the commissioner that the amount appropriated for the Foundation School Program, including the facilities component as provided by Chapter 46, exceeds the amount to which districts are entitled under this chapter and Chapter 46~~, and~~

~~[(2) reimbursement for a school district required to take action under Chapter 41 may be provided from funds described by Subdivision (1)(B) if funds remain available after fully reimbursing each school district described by Subdivision (1) for its disaster remediation costs].~~

~~(d) [If the amount of money available for purposes of~~

~~reimbursing school districts not required to take action under Chapter 41 is not sufficient to fully reimburse each district's disaster remediation costs, the commissioner shall reduce the amount of assistance provided to each of those districts proportionately. If the amount of money available for purposes of reimbursing school districts required to take action under Chapter 41 is not sufficient to fully reimburse each district's disaster remediation costs, the commissioner shall reduce the amount of assistance provided to each of those districts proportionately.~~

~~[(e)]~~ A district seeking reimbursement under this section must provide the commissioner with adequate documentation of the costs for which the district seeks reimbursement.

(e) ~~[(f)] A district required to take action under Chapter 41.~~

~~[(1)] may, at its discretion, receive assistance provided under this section either as a payment of state aid under this chapter or as a reduction in the total amount required to be paid by the district for attendance credits under Section 41.093, and~~

~~[(2)] may not obtain reimbursement under this section for the payment of any disaster remediation costs that resulted in a reduction under Section 41.0931 of the district's cost of attendance credits.~~

~~[(h)]~~ The commissioner shall adopt rules necessary to implement this section, including rules:

(1) defining "disaster remediation costs" for purposes of this section, which must include the cost to repair or

1 replace vehicles or computers damaged in the disaster; and

2 (2) specifying the type of documentation required
3 under Subsection (d) [~~(e)~~].

4 (f) [~~(i)~~] Notwithstanding any other provision of this
5 section, the commissioner may permit a district to use amounts
6 provided to a district under this section to pay the costs of
7 replacing a facility instead of repairing the facility. The
8 commissioner shall ensure that a district that elects to replace a
9 facility does not receive an amount under this section that exceeds
10 the lesser of:

11 (1) the amount that would be provided to the district
12 if the facility were repaired; or

13 (2) the amount necessary to replace the facility.

14 (g) [~~(j)~~] This section does not require the commissioner to
15 provide any requested reimbursement. A decision of the
16 commissioner regarding reimbursement is final and may not be
17 appealed.

18 Sec. 48.262 [~~42.2525~~]. ADJUSTMENTS FOR CERTAIN DISTRICTS
19 RECEIVING FEDERAL IMPACT AID. The commissioner is granted the
20 authority to ensure that school districts receiving federal impact
21 aid due to the presence of a military installation or significant
22 concentrations of military students do not receive more than an
23 eight percent reduction should the federal government reduce
24 appropriations to those schools.

25 Sec. 48.263 [~~42.2526~~]. ADJUSTMENT FOR DISTRICT OPERATING
26 PILOT PROGRAM. (a) This section applies only to a school district
27 operating a pilot program authorized by Section 28.0255.

1 (b) Beginning with the first school year that follows the
2 first school year in which students receive high school diplomas
3 under the pilot program authorized by Section 28.0255 and
4 continuing for every subsequent school year that the district
5 operates the pilot program, the commissioner shall provide funding
6 for the district's prekindergarten program under Section 29.153 on
7 a full-day basis for a number of prekindergarten students equal to
8 twice the number of students who received a high school diploma
9 under the pilot program authorized by Section 28.0255 during the
10 preceding school year.

11 (c) This section expires September 1, 2023.

12 Sec. 48.264 [~~42.2527~~]. ADJUSTMENT FOR CERTAIN DISTRICTS
13 WITH EARLY HIGH SCHOOL GRADUATION PROGRAMS. (a) As a pilot program
14 to enable the state to evaluate the benefit of providing additional
15 funding at the prekindergarten level for low-income students, the
16 commissioner shall provide prekindergarten funding in accordance
17 with this section to a school district located in a county that
18 borders the United Mexican States and the Gulf of Mexico.

19 (b) The commissioner shall provide funding for a school
20 district's prekindergarten program on a half-day basis for a number
21 of low-income prekindergarten students equal to twice the number of
22 students who received, as a result of participation in an early high
23 school graduation program operated by the district, a high school
24 diploma from the district during the preceding school year after
25 three years of secondary school attendance.

26 (c) The commissioner may adopt rules necessary to implement
27 this section.

(d) This section expires September 1, 2023.

Sec. 48.265 [~~42.2528~~]. EXCESS FUNDS FOR VIDEO SURVEILLANCE OF SPECIAL EDUCATION SETTINGS. (a) Notwithstanding any other provision of law, if the commissioner determines that the amount appropriated for the purposes of the Foundation School Program exceeds the amount to which school districts are entitled under this chapter, the commissioner by rule shall establish a grant program through which excess funds are awarded as grants for the purchase of video equipment, or for the reimbursement of costs for previously purchased video equipment, used for monitoring special education classrooms or other special education settings required under Section 29.022.

(b) In awarding grants under this section, the commissioner shall give highest priority to districts with maintenance and operations tax rates at the greatest rates permitted by law. The commissioner shall also give priority to:

(1) districts with maintenance and operations tax rates at least equal to the state maximum compressed tax rate, as defined by Section 48.051(a) [~~42.101(a)~~], and lowest amounts of maintenance and operations tax revenue per weighted student; and

(2) districts with debt service tax rates near or equal to the greatest rates permitted by law.

(c) The commissioner may adopt rules to implement and administer this section.

Sec. 48.266 [~~42.253~~]. DISTRIBUTION OF FOUNDATION SCHOOL FUND. (a) For each school year the commissioner shall determine:

(1) the amount of money to which a school district is

entitled under Subchapters B, ~~[and]~~ C, and D;

(2) the amount of money to which a school district is entitled under Subchapter E ~~[F]~~;

(3) the amount of money allocated to the district from the available school fund;

(4) the amount of each district's tier one local share under Section 48.256 ~~[42.252]~~; and

(5) the amount of each district's tier two local share under Section 48.202 for:

(A) the district's maintenance and operations tax effort described by Section 48.202(a-1)(1); and

(B) the district's maintenance and operations tax effort described by Section 48.202(a-1)(2) [42.302].

(b) Except as provided by this subsection, the commissioner shall base the determinations under Subsection (a) on the estimates provided to the legislature under Section 48.269 ~~[42.254]~~, or, if the General Appropriations Act provides estimates for that purpose, on the estimates provided under that Act, for each school district for each school year. The commissioner shall reduce the entitlement of each district that has a final taxable value of property for the second year of a state fiscal biennium that is higher than the estimate under Section 48.269 ~~[42.254]~~ or the General Appropriations Act, as applicable. A reduction under this subsection may not reduce the district's entitlement below the amount to which it is entitled at its actual taxable value of property.

(c) Each school district is entitled to an amount equal to

1 the difference for that district between the sum of Subsections
2 (a)(1) and (a)(2) and the sum of Subsections (a)(3), (a)(4), and
3 (a)(5).

4 (d) The commissioner shall approve warrants to each school
5 district equaling the amount of its entitlement except as provided
6 by this section. Warrants for all money expended according to this
7 chapter shall be approved and transmitted to treasurers or
8 depositories of school districts in the same manner that warrants
9 for state payments are transmitted. The total amount of the
10 warrants issued under this section may not exceed the total amount
11 appropriated for Foundation School Program purposes for that fiscal
12 year.

13 (e) [~~(c)~~] If a school district demonstrates to the
14 satisfaction of the commissioner that the estimate of the
15 district's tax rate, student enrollment, or taxable value of
16 property used in determining the amount of state funds to which the
17 district is entitled are so inaccurate as to result in undue
18 financial hardship to the district, the commissioner may adjust
19 funding to that district in that school year to the extent that
20 funds are available for that year.

21 (f) [~~(b)~~] If the amount appropriated for the Foundation
22 School Program for the second year of a state fiscal biennium is
23 less than the amount to which school districts and open-enrollment
24 charter schools are entitled for that year, the commissioner shall
25 certify the amount of the difference to the Legislative Budget
26 Board not later than January 1 of the second year of the state
27 fiscal biennium. The Legislative Budget Board shall propose to the

1 legislature that the certified amount be transferred to the
2 foundation school fund from the economic stabilization fund and
3 appropriated for the purpose of increases in allocations under this
4 subsection. If the legislature fails during the regular session to
5 enact the proposed transfer and appropriation and there are not
6 funds available under Subsection (h) [~~(j)~~], the commissioner shall
7 adjust the total amounts due to each school district and
8 open-enrollment charter school under this chapter and the total
9 amounts necessary for each school district to comply with the
10 requirements of Chapter 49 [~~41~~] by an amount determined by applying
11 to each district and school the same percentage adjustment to the
12 total amount of state and local revenue due to the district or
13 school under this chapter and Chapter 49 [~~41~~] so that the total
14 amount of the adjustment to all districts and schools results in an
15 amount equal to the total adjustment necessary. The following
16 fiscal year:

17 (1) a district's or school's entitlement under this
18 section is increased by an amount equal to the adjustment made
19 under this subsection; and

20 (2) the amount necessary for a district to comply with
21 the requirements of Chapter 49 [~~41~~] is reduced by an amount
22 necessary to ensure a district's full recovery of the adjustment
23 made under this subsection.

24 (g) [~~(i)~~] Not later than March 1 each year, the commissioner
25 shall determine the actual amount of state funds to which each
26 school district is entitled under the allocation formulas in this
27 chapter for the current school year and shall compare that amount

1 with the amount of the warrants issued to each district for that
2 year. If the amount of the warrants differs from the amount to
3 which a district is entitled because of variations in the
4 district's tax rate, student enrollment, or taxable value of
5 property, the commissioner shall adjust the district's entitlement
6 for the next fiscal year accordingly.

7 (h) [~~(j)~~] The legislature may appropriate funds necessary
8 for increases under Subsection (g) [~~(i)~~] from funds that the
9 comptroller, at any time during the fiscal year, finds are
10 available.

11 (i) [~~(k)~~] The commissioner shall compute for each school
12 district the total amount by which the district's allocation of
13 state funds is increased or reduced under Subsection (g) [~~(i)~~] and
14 shall certify that amount to the district.

15 Sec. 48.267 [~~42.2531~~]. ADJUSTMENT BY COMMISSIONER. (a)
16 The commissioner may make adjustments to amounts due to a school
17 district under this chapter or Chapter 46, or to amounts necessary
18 for a district to comply with the requirements of Chapter 49 [~~41~~],
19 as provided by this section.

20 (b) A school district that has a major taxpayer, as
21 determined by the commissioner, that because of a protest of the
22 valuation of the taxpayer's property fails to pay all or a portion
23 of the ad valorem taxes due to the district may apply to the
24 commissioner to have the district's taxable value of property or ad
25 valorem tax collections adjusted for purposes of this chapter or
26 Chapter [~~41-or~~] 46 or 49. The commissioner may make the adjustment
27 only to the extent the commissioner determines that making the

adjustment will not:

(1) in the fiscal year in which the adjustment is made, cause the amount to which school districts are entitled under this chapter to exceed the amount appropriated for purposes of the Foundation School Program for that year; and

(2) if the adjustment is made in the first year of a state fiscal biennium, cause the amount to which school districts are entitled under this chapter for the second year of the biennium to exceed the amount appropriated for purposes of the Foundation School Program for that year.

(c) The commissioner shall recover the benefit of any adjustment made under this section by making offsetting adjustments in the school district's taxable value of property or ad valorem tax collections for purposes of this chapter or Chapter ~~[41-~~or~~]~~ 46 or 49 on a final determination of the taxable value of property that was the basis of the original adjustment, or in the second school year following the year in which the adjustment is made, whichever is earlier.

(d) This section does not require the commissioner to make any requested adjustment. A determination by the commissioner under this section is final and may not be appealed.

Sec. 48.268 ~~[42.2532]~~. ADJUSTMENT FOR RESOLUTION OF DISPUTE OR ERROR RESULTING IN TAXATION OF SAME PROPERTY BY MULTIPLE SCHOOL DISTRICTS. The commissioner shall adjust the amounts due to a school district under this chapter and Chapter 46 as necessary to account for the resolution of a dispute or error involving the district and another district by an agreement between the districts

1 entered into under Section 31.112(c), Tax Code, or by a final order
2 of the supreme court entered under Section 72.010, Local Government
3 Code.

4 Sec. 48.269 [~~42.254~~]. ESTIMATES REQUIRED. (a) Not later
5 than October 1 of each even-numbered year:

6 (1) the agency shall submit to the legislature an
7 estimate of the tax rate and student enrollment of each school
8 district for the following biennium; and

9 (2) the comptroller shall submit to the legislature an
10 estimate of the total taxable value of all property in the state as
11 determined under Subchapter M, Chapter 403, Government Code, for
12 the following biennium.

13 (b) The agency and the comptroller shall update the
14 information provided to the legislature under Subsection (a) not
15 later than March 1 of each odd-numbered year.

16 Sec. 48.270 [~~42.255~~]. FALSIFICATION OF RECORDS; REPORT.
17 When, in the opinion of the agency's director of school audits,
18 audits or reviews of accounting, enrollment, or other records of a
19 school district reveal deliberate falsification of the records, or
20 violation of the provisions of this chapter, through which the
21 district's share of state funds allocated under the authority of
22 this chapter would be, or has been, illegally increased, the
23 director shall promptly and fully report the fact to the State Board
24 of Education, the state auditor, and the appropriate county
25 attorney, district attorney, or criminal district attorney.

26 Sec. 48.271 [~~42.257~~]. EFFECT OF APPRAISAL APPEAL. (a) If
27 the final determination of an appeal under Chapter 42, Tax Code,

1 results in a reduction in the taxable value of property that exceeds
 2 five percent of the total taxable value of property in the school
 3 district for the same tax year determined under Subchapter M,
 4 Chapter 403, Government Code, the commissioner shall request the
 5 comptroller to adjust its taxable property value findings for that
 6 year consistent with the final determination of the appraisal
 7 appeal.

8 (b) If the district would have received a greater amount
 9 from the foundation school fund for the applicable school year
 10 using the adjusted value, the commissioner shall add the difference
 11 to subsequent distributions to the district from the foundation
 12 school fund. An adjustment does not affect the local fund
 13 assignment of any other district.

14 (c) In addition to the funding provided under Subsection
 15 (b), a school district is entitled to reimbursement for the amount
 16 of interest included in a refund made by the district under Section
 17 42.43, Tax Code, in the state fiscal year ending August 31, 2018, or
 18 August 31, 2019. This subsection expires September 1, 2021.

19 Sec. 48.272 [~~42.258~~]. RECOVERY OF OVERALLOCATED FUNDS.

20 (a) If a school district has received an overallocation of state
 21 funds, the agency shall, by withholding from subsequent allocations
 22 of state funds for the current or subsequent school year or by
 23 requesting and obtaining a refund, recover from the district an
 24 amount equal to the overallocation.

25 (b) [~~(a-1)~~] Notwithstanding Subsection (a), the agency may
 26 recover an overallocation of state funds over a period not to exceed
 27 the subsequent five school years if the commissioner determines

1 that the overallocation was the result of exceptional circumstances
2 reasonably caused by statutory changes to Chapter ~~[41 or]~~ 46 or 49
3 or this chapter and related reporting requirements.

4 (c) ~~[(b)]~~ If a district fails to comply with a request for a
5 refund under Subsection (a), the agency shall certify to the
6 comptroller that the amount constitutes a debt for purposes of
7 Section 403.055, Government Code. The agency shall provide to the
8 comptroller the amount of the overallocation and any other
9 information required by the comptroller. The comptroller may
10 certify the amount of the debt to the attorney general for
11 collection.

12 (d) ~~[(c)]~~ Any amounts recovered under this section shall be
13 deposited in the foundation school fund.

14 (e) Subject to Subsection (f), the agency may review a
15 school district as necessary to determine if the district qualifies
16 for each allotment received by the district under this chapter. If
17 the agency determines that a school district received an allotment
18 to which the district was not entitled, the agency may establish a
19 corrective action plan or withhold the applicable amount of funding
20 from the district.

21 (f) The agency may not review school district expenditures
22 that occurred seven or more years before the review.

23 Sec. 48.273 ~~[42.259]~~. FOUNDATION SCHOOL FUND TRANSFERS.

24 (a) In this section:

25 (1) "Category 1 school district" means a school
26 district having a wealth per student of less than one-half of the
27 statewide average wealth per student.

1 (2) "Category 2 school district" means a school
2 district having a wealth per student of at least one-half of the
3 statewide average wealth per student but not more than the
4 statewide average wealth per student.

5 (3) "Category 3 school district" means a school
6 district having a wealth per student of more than the statewide
7 average wealth per student.

8 (4) "Wealth per student" means the taxable property
9 values reported by the comptroller to the commissioner under
10 Section 48.256 [~~42.252~~] divided by the number of students in
11 average daily attendance.

12 (b) Payments from the foundation school fund to each
13 category 1 school district shall be made as follows:

14 (1) 15 percent of the yearly entitlement of the
15 district shall be paid in an installment to be made on or before the
16 25th day of September of a fiscal year;

17 (2) 80 percent of the yearly entitlement of the
18 district shall be paid in eight equal installments to be made on or
19 before the 25th day of October, November, December, January, March,
20 May, June, and July; and

21 (3) five percent of the yearly entitlement of the
22 district shall be paid in an installment to be made on or before the
23 25th day of February.

24 (c) Payments from the foundation school fund to each
25 category 2 school district shall be made as follows:

26 (1) 22 percent of the yearly entitlement of the
27 district shall be paid in an installment to be made on or before the

1 25th day of September of a fiscal year;

2 (2) 18 percent of the yearly entitlement of the
3 district shall be paid in an installment to be made on or before the
4 25th day of October;

5 (3) 9.5 percent of the yearly entitlement of the
6 district shall be paid in an installment to be made on or before the
7 25th day of November;

8 (4) 7.5 percent of the yearly entitlement of the
9 district shall be paid in an installment to be made on or before the
10 25th day of April;

11 (5) five percent of the yearly entitlement of the
12 district shall be paid in an installment to be made on or before the
13 25th day of May;

14 (6) 10 percent of the yearly entitlement of the
15 district shall be paid in an installment to be made on or before the
16 25th day of June;

17 (7) 13 percent of the yearly entitlement of the
18 district shall be paid in an installment to be made on or before the
19 25th day of July; and

20 (8) 15 percent of the yearly entitlement of the
21 district shall be paid in an installment to be made on or before the
22 25th day of August.

23 (d) Payments from the foundation school fund to each
24 category 3 school district shall be made as follows:

25 (1) 45 percent of the yearly entitlement of the
26 district shall be paid in an installment to be made on or before the
27 25th day of September of a fiscal year;

1 (2) 35 percent of the yearly entitlement of the
2 district shall be paid in an installment to be made on or before the
3 25th day of October; and

4 (3) 20 percent of the yearly entitlement of the
5 district shall be paid in an installment to be made on or before the
6 25th day of August.

7 (e) The amount of any installment required by this section
8 may be modified to provide a school district with the proper amount
9 to which the district may be entitled by law and to correct errors
10 in the allocation or distribution of funds. If an installment under
11 this section is required to be equal to other installments, the
12 amount of other installments may be adjusted to provide for that
13 equality. A payment under this section is not invalid because it is
14 not equal to other installments.

15 (f) Previously unpaid additional funds from prior fiscal
16 years owed to a district shall be paid to the district together with
17 the September payment of the current fiscal year entitlement.

18 (g) The commissioner shall make all annual Foundation
19 School Program payments under this section for purposes described
20 by Sections 45.252(a)(1) and (2) before the deadline established
21 under Section 45.263(b) for payment of debt service on
22 bonds. Notwithstanding any other provision of this section, the
23 commissioner may make Foundation School Program payments under this
24 section after the deadline established under Section 45.263(b) only
25 if the commissioner has not received notice under Section 45.258
26 concerning a district's failure or inability to pay matured
27 principal or interest on bonds.

1 Sec. 48.274 [~~42.2591~~]. FOUNDATION SCHOOL FUND TRANSFERS
2 TO CERTAIN CHARTER SCHOOLS. (a) On the request of an
3 open-enrollment charter school, the commissioner shall compare the
4 student enrollment of the open-enrollment charter school for the
5 current school year to the student enrollment of the school during
6 the preceding school year. If the number of students enrolled at
7 the open-enrollment charter school for the current school year has
8 increased by 10 percent or more from the number of students enrolled
9 during the preceding school year, the open-enrollment charter
10 school may request that payments from the foundation school fund to
11 the school for the following school year and each subsequent school
12 year, subject to Subsection (b), be made according to the schedule
13 provided under Subsection (c).

14 (b) An open-enrollment charter school that qualifies to
15 receive funding as provided by this section is entitled to receive
16 funding in that manner for three school years. On the expiration
17 of that period, the commissioner shall determine the eligibility of
18 the open-enrollment charter school to continue receiving payments
19 from the foundation school fund under this section for an
20 additional three school years. Subsequently, the open-enrollment
21 charter school must reestablish eligibility in the manner provided
22 by this subsection every three school years.

23 (c) Payments from the foundation school fund to an
24 open-enrollment charter school under this section shall be made as
25 follows:

26 (1) 22 percent of the yearly entitlement of the school
27 shall be paid in an installment to be made on or before the 25th day

1 of September of a fiscal year;

2 (2) 18 percent of the yearly entitlement of the school
3 shall be paid in an installment to be made on or before the 25th day
4 of October;

5 (3) 9.5 percent of the yearly entitlement of the
6 school shall be paid in an installment to be made on or before the
7 25th day of November;

8 (4) four percent of the yearly entitlement of the
9 school shall be paid in an installment to be made on or before the
10 25th day of December;

11 (5) four percent of the yearly entitlement of the
12 school shall be paid in an installment to be made on or before the
13 25th day of January;

14 (6) four percent of the yearly entitlement of the
15 school shall be paid in an installment to be made on or before the
16 25th day of February;

17 (7) four percent of the yearly entitlement of the
18 school shall be paid in an installment to be made on or before the
19 25th day of March;

20 (8) 7.5 percent of the yearly entitlement of the
21 school shall be paid in an installment to be made on or before the
22 25th day of April;

23 (9) five percent of the yearly entitlement of the
24 school shall be paid in an installment to be made on or before the
25 25th day of May;

26 (10) seven percent of the yearly entitlement of the
27 school shall be paid in an installment to be made on or before the

1 25th day of June;

2 (11) seven percent of the yearly entitlement of the
3 school shall be paid in an installment to be made on or before the
4 25th day of July; and

5 (12) eight percent of the yearly entitlement of the
6 school shall be paid in an installment to be made on or before the
7 25th day of August.

8 (d) The amount of any installment required by this section
9 may be modified to provide an open-enrollment charter school with
10 the proper amount to which the school may be entitled by law and to
11 correct errors in the allocation or distribution of funds.

12 (e) Previously unpaid additional funds from prior fiscal
13 years owed to an open-enrollment charter school shall be paid to the
14 school together with the September payment of the current fiscal
15 year entitlement.

16 Sec. 48.275 [~~42.260~~]. USE OF CERTAIN FUNDS. (a) In this
17 section, "participating charter school" means an open-enrollment
18 charter school that participates in the uniform group coverage
19 program established under Chapter 1579, Insurance Code.

20 (b) The amount of additional funds to which each school
21 district or participating charter school is entitled due to the
22 increases in formula funding made by H.B. No. 3343, Acts of the 77th
23 Legislature, Regular Session, 2001, and any subsequent legislation
24 amending the provisions amended by that Act that increase formula
25 funding under Chapter 49 [~~41~~] and this chapter to school districts
26 and charter schools is available for purposes of Subsection (c).

27 (c) Notwithstanding any other provision of this code, a

1 school district or participating charter school may use the sum of
2 the following amounts of funds only to pay contributions under a
3 group health coverage plan for district or school employees:

4 (1) the amount determined by multiplying the amount of
5 \$900 or the amount specified in the General Appropriations Act for
6 that year for purposes of the state contribution under Section
7 1579.251, Insurance Code, by the number of district or school
8 employees who participate in a group health coverage plan provided
9 by or through the district or school; and

10 (2) the difference between the amount necessary for
11 the district or school to comply with Section 1581.052, Insurance
12 Code, for the school year and the amount the district or school is
13 required to use to provide health coverage under Section 1581.051,
14 Insurance Code, for that year.

15 (d) A determination by the commissioner under this section
16 is final and may not be appealed.

17 ~~[(c) The commissioner may adopt rules to implement this~~
18 ~~section.]~~

19 SECTION 1.043. Subchapter F, Chapter 48, Education Code, as
20 added by this Act, is amended by adding Sections 48.277, 48.278, and
21 48.279 to read as follows:

22 Sec. 48.277. FORMULA TRANSITION GRANT. (a) A school
23 district or open-enrollment charter school is entitled to receive
24 an annual allotment for each student in average daily attendance in
25 the amount equal to the difference, if the difference is greater
26 than zero, that results from subtracting the total maintenance and
27 operations revenue per student in average daily attendance for the

current school year from the lesser of:

(1) 103 percent of the district's or school's total maintenance and operations revenue per student in average daily attendance for the 2019-2020 school year that the district or school would have received under former Chapters 41 and 42, as those chapters existed on January 1, 2019; or

(2) 128 percent of the statewide average amount of maintenance and operations revenue per student in average daily attendance that would have been provided for the 2019-2020 school year under former Chapters 41 and 42, as those chapters existed on January 1, 2019.

(b) For purposes of calculating maintenance and operations revenue under Subsection (a), the commissioner shall:

(1) for purposes of Subsections (a)(1) and (2), use the following applicable school year:

(A) in a school year ending in an even-numbered year, the 2019-2020 school year; and

(B) in a school year ending in an odd-numbered year, the 2019-2020 or 2020-2021 school year, whichever is greater;

(2) include all state and local funding, except for any funding resulting from:

(A) reimbursement for disaster remediation costs under former Sections 41.0931 and 42.2524;

(B) an adjustment for rapid decline in taxable value of property under former Section 42.2521; and

(C) an adjustment for property value affected by a state of disaster under former Section 42.2523;

1 (3) adjust the calculation to reflect a reduction in
2 tax effort by a school district; and

3 (4) if a school district or open-enrollment charter
4 school receives a waiver relating to eligibility requirements for
5 the national free or reduced-price lunch program under 42 U.S.C.
6 Section 1751 et seq., use the numbers of educationally
7 disadvantaged students on which the district's or school's
8 entitlement to compensatory education funds was based for the
9 school year before the school year in which the district or school
10 received the waiver, adjusted for estimated enrollment growth.

11 (c) A decision by the commissioner under this section is
12 final and may not be appealed.

13 (d) A school district or open-enrollment charter school is
14 not entitled to an allotment under Subsection (a) beginning with
15 the 2024-2025 school year.

16 (d-1) Subject to Subsection (d-2), a school district or
17 open-enrollment charter school is entitled to receive an annual
18 allotment for each student in average daily attendance in the
19 amount equal to the difference, if the difference is greater than
20 zero, that results from subtracting the total maintenance and
21 operations revenue per student in average daily attendance for the
22 current school year from the total maintenance and operations
23 revenue per student in average daily attendance that would have
24 been available to the district or school under former Chapters 41
25 and 42, as those chapters existed on January 1, 2019. For purposes
26 of calculating a district's maintenance and operations revenue
27 under this subsection, the commissioner shall:

1 (1) apply Subsection (b); and

2 (2) in calculating a district's maintenance and
3 operations revenue under former Chapters 41 and 42, as those
4 chapters existed on January 1, 2019, exclude any additional revenue
5 the district would have received under former Sections 41.002(e)
6 through (g), as those sections existed on January 1, 2019.

7 (d-2) A school district or open-enrollment charter school
8 may only receive an allotment under Subsection (a) or (d-1),
9 whichever is greater, but not both.

10 (d-3) Subsections (d-1) and (d-2) and this subsection
11 expire September 1, 2021.

12 (e) This section expires September 1, 2025.

13 Sec. 48.278. EQUALIZED WEALTH TRANSITION GRANT. (a)
14 Subject to Subsection (b), a school district is entitled to receive
15 an annual allotment in an amount equal to the amount of additional
16 revenue a school district received for the 2018-2019 school year
17 under former Sections 41.002(e) through (g), as those sections
18 existed on January 1, 2019.

19 (b) For purposes of calculating a district's allotment
20 under Subsection (a), the commissioner shall reduce the amount to
21 which a district is entitled under Subsection (a) by:

22 (1) for the 2020-2021 school year, 20 percent;

23 (2) for the 2021-2022 school year, 40 percent;

24 (3) for the 2022-2023 school year, 60 percent; and

25 (4) for the 2023-2024 school year, 80 percent.

26 (c) This section expires September 1, 2024.

27 Sec. 48.279. MAINTENANCE OF STATE FINANCIAL SUPPORT FOR

1 SPECIAL EDUCATION. (a) Funds appropriated for purposes of this
2 section or transferred in accordance with this section are state
3 funds for purposes of compliance with the requirements regarding
4 maintenance of state financial support for special education under
5 20 U.S.C. Section 1412(a)(18). The commissioner shall identify the
6 amount of funding described by this subsection and separate that
7 amount from other funding provided under this chapter.

8 (b) If the commissioner determines that the total amount of
9 funding for special education for a school year that ends during the
10 first state fiscal year of a state fiscal biennium is less than the
11 amount required to comply with requirements regarding maintenance
12 of state financial support under 20 U.S.C. Section 1412(a)(18), the
13 commissioner shall use funds appropriated for the Foundation School
14 Program for the second state fiscal year of that biennium to
15 increase funding for special education for the first state fiscal
16 year of that biennium in an amount necessary to ensure compliance
17 with that provision.

18 (c) If the commissioner determines that the total amount of
19 funding for special education for a school year that ends during the
20 second state fiscal year of a state fiscal biennium is less than the
21 amount required to comply with requirements regarding maintenance
22 of state financial support under 20 U.S.C. Section 1412(a)(18), the
23 commissioner shall submit to the legislature an estimate of the
24 amount of funding needed to comply with that provision for that
25 state fiscal year.

26 (d) If federal funds are withheld for a school year due to
27 noncompliance with requirements regarding maintenance of state

financial support under 20 U.S.C. Section 1412(a)(18), the commissioner shall use for that school year an amount of funds described by Subsection (a) equal to the amount of withheld funds in the same manner and for the same purposes as the withheld funds would have been provided.

(e) After the commissioner has replaced any withheld federal funds as provided by Subsection (d), the commissioner shall distribute the remaining amount, if any, of funds described by Subsection (a) to proportionately increase funding for the special education allotment under Section 48.102.

(f) In complying with Subsection (d), the commissioner may implement any program necessary to ensure the use of funds in accordance with that subsection.

SECTION 1.044. Chapter 48, Education Code, as added by this Act, is amended by adding Subchapter G, and a heading is added to that subchapter to read as follows:

SUBCHAPTER G. MISCELLANEOUS PROVISIONS

SECTION 1.045. Section 42.4101, Education Code, is transferred to Subchapter G, Chapter 48, Education Code, as added by this Act, redesignated as Section 48.301, Education Code, and amended to read as follows:

Sec. 48.301 [~~42.4101~~]. ADDITIONAL ASSISTANCE FOR DISTRICTS WITH STUDENTS USING PUBLIC EDUCATION GRANTS. (a) A district is entitled to additional assistance under this section as provided by Section 29.203(c).

(b) The amount of additional assistance under this section is computed by subtracting the number of students residing in the

1 district and using public education grants to attend school in
2 another district for the year in which the assistance is granted
3 from the number of students using public education grants to attend
4 school in the district for that year and multiplying the difference
5 by \$266.

6 ~~[(c) If a district to which this section applies is entitled~~
7 ~~to the maximum amount of assistance under Section 42.406, the~~
8 ~~maximum is increased by the amount of additional assistance to~~
9 ~~which the district is entitled under this section.]~~

10 SECTION 1.046. Subchapter G, Chapter 48, Education Code, as
11 added by this Act, is amended by adding Section 48.302 to read as
12 follows:

13 Sec. 48.302. SUBSIDY FOR HIGH SCHOOL EQUIVALENCY
14 EXAMINATION FOR CERTAIN INDIVIDUALS. (a) In this section,
15 "commission" means the Texas Workforce Commission.

16 (b) The agency shall enter into a memorandum of
17 understanding with the commission for the agency to transfer to the
18 commission funds specifically appropriated to the agency for the
19 commission to provide to an individual who is 21 years of age or
20 older a subsidy in an amount equal to the cost of taking one high
21 school equivalency examination administered under Section 7.111.

22 (c) The commission shall adopt rules to implement the
23 subsidy program described by Subsection (b), including rules
24 regarding eligibility requirements.

25 SECTION 1.047. Subtitle I, Title 2, Education Code, is
26 amended by adding Chapter 49, and a heading is added to that chapter
27 to read as follows:

actions to reduce the district's revenue level [~~achieve the equalized wealth level~~]:

(1) consolidation with another district as provided by Subchapter B;

(2) detachment of territory as provided by Subchapter C;

(3) purchase of average daily attendance credit as provided by Subchapter D;

(4) education of nonresident students as provided by Subchapter E; or

(5) tax base consolidation with another district as provided by Subchapter F.

Sec. 49.003 [~~41.0031~~]. INCLUSION OF ATTENDANCE CREDIT [~~CREDITS~~] AND NONRESIDENTS IN WEIGHTED AVERAGE DAILY ATTENDANCE. In determining whether a school district has a local revenue [~~wealth per student less than or equal to the equalized wealth~~] level in excess of entitlement, the commissioner shall use:

(1) the district's final weighted average daily attendance; and

(2) the amount [~~number~~] of attendance credit [~~credits~~] a district purchases under Subchapter D or the number of nonresident students a district educates under Subchapter E for a school year.

Sec. 49.004 [~~41.004~~]. ANNUAL REVIEW OF LOCAL REVENUES [~~PROPERTY WEALTH~~]. (a) Not later than July 15 of each year, using the estimates [~~estimate~~] of enrollment and taxable property value under Section 48.269 [~~42.254~~], the commissioner shall review the

1 local revenue level [~~wealth per student~~] of school districts in the
2 state and shall notify:

3 (1) each district with a local revenue level in excess
4 of entitlement [~~wealth per student exceeding the equalized wealth~~
5 ~~level~~];

6 (2) each district to which the commissioner proposes
7 to annex property detached from a district notified under
8 Subdivision (1), if necessary, under Subchapter G; and

9 (3) each district to which the commissioner proposes
10 to consolidate a district notified under Subdivision (1), if
11 necessary, under Subchapter H.

12 (b) If, before the dates provided by this subsection, a
13 district notified under Subsection (a)(1) has not successfully
14 exercised one or more options under Section 49.002 [~~41.003~~] that
15 reduce the district's local revenue level [~~wealth per student~~] to a
16 level equal to or less than the [~~equalized wealth~~] level
17 established under Section 48.257, the commissioner shall order the
18 detachment of property from that district as provided by Subchapter
19 G. If that detachment will not reduce the district's local revenue
20 level [~~wealth per student~~] to a level equal to or less than the
21 [~~equalized wealth~~] level established under Section 48.257, the
22 commissioner may not detach property under Subchapter G but shall
23 order the consolidation of the district with one or more other
24 districts as provided by Subchapter H. An agreement under Section
25 49.002(1) [~~41.003(1)~~] or (2) must be executed not later than
26 September 1 immediately following the notice under Subsection (a).
27 An election for an option under Section 49.002(3) [~~41.003(3)~~], (4),

or (5) must be ordered before September 1 immediately following the notice under Subsection (a).

(c) A district notified under Subsection (a) may not adopt a tax rate for the tax year in which the district receives the notice until the commissioner certifies that the district has reduced the district's local revenue level in excess of entitlement to the ~~[achieved the equalized wealth]~~ level established under Section 48.257.

(d) A detachment and annexation or consolidation under this chapter:

(1) is effective for Foundation School Program funding purposes for the school year that begins in the calendar year in which the detachment and annexation or consolidation is agreed to or ordered; and

(2) applies to the ad valorem taxation of property beginning with the tax year in which the agreement or order is effective.

Sec. 49.005 ~~[41.005]~~. COMPTROLLER AND APPRAISAL DISTRICT COOPERATION. The chief appraiser of each appraisal district and the comptroller shall cooperate with the commissioner and school districts in implementing this chapter.

Sec. 49.006 ~~[41.006]~~. RULES. (a) The commissioner may adopt rules necessary for the implementation of this chapter. The rules may provide for the commissioner to make necessary adjustments to the provisions of Chapter 48 ~~[42]~~, including providing for the commissioner to make an adjustment in the funding element established by Section 48.202 ~~[42.302]~~, at the earliest

1 date practicable, to the amount the commissioner believes, taking
2 into consideration options exercised by school districts under this
3 chapter and estimates of student enrollments, will match
4 appropriation levels.

5 (b) As necessary for the effective and efficient
6 administration of this chapter, the commissioner may modify
7 effective dates and time periods for actions described by this
8 chapter.

9 Sec. 49.007 [~~41.007~~]. COMMISSIONER TO APPROVE SUBSEQUENT
10 BOUNDARY CHANGES. A school district that is involved in an action
11 under this chapter that results in boundary changes to the district
12 or in the consolidation of tax bases is subject to consolidation,
13 detachment, or annexation under Chapter 13 only if the commissioner
14 certifies that the change under Chapter 13 will not result in a
15 district with a local revenue [~~wealth per student that exceeds the~~
16 ~~equalized wealth~~] level in excess of entitlement.

17 Sec. 49.008 [~~41.008~~]. HOMESTEAD EXEMPTIONS. (a) The
18 governing board of a school district that results from
19 consolidation under this chapter, including a consolidated taxing
20 district under Subchapter F, for the tax year in which the
21 consolidation occurs may determine whether to adopt a homestead
22 exemption provided by Section 11.13, Tax Code, and may set the
23 amount of the exemption, if adopted, at any time before the school
24 district adopts a tax rate for that tax year. This section applies
25 only to an exemption that the governing board of a school district
26 is authorized to adopt or change in amount under Section 11.13, Tax
27 Code.

(b) This section prevails over any inconsistent provision of Section 11.13, Tax Code, or other law.

Sec. 49.009 [~~41.009~~]. TAX ABATEMENTS. (a) A tax abatement agreement executed by a school district that is involved in consolidation or in detachment and annexation of territory under this chapter is not affected and applies to the taxation of the property covered by the agreement as if executed by the district within which the property is included.

(b) The commissioner shall determine the local revenue [~~wealth per student~~] of a school district under this chapter as if any tax abatement agreement executed by a school district on or after May 31, 1993, had not been executed.

Sec. 49.010 [~~41.010~~]. TAX INCREMENT OBLIGATIONS. The payment of tax increments under Chapter 311, Tax Code, is not affected by the consolidation of territory or tax bases or by annexation under this chapter. In each tax year a school district paying a tax increment from taxes on property over which the district has assumed taxing power is entitled to retain the same percentage of the tax increment from that property that the district in which the property was located before the consolidation or annexation could have retained for the respective tax year.

Sec. 49.011 [~~41.011~~]. CONTINGENCY. (a) If any of the options described by Section 49.002 [~~41.003~~] as applied to a school district are held invalid by a final decision of a court of competent jurisdiction, a school district is entitled to exercise any of the remaining valid options in accordance with a schedule approved by the commissioner.

1 (b) If a final order of a court of competent jurisdiction
2 should hold each of the options provided by Section 49.002 [~~41.003~~]
3 invalid, the commissioner shall act under Subchapter G or H to
4 reduce the local revenue [~~achieve the equalized wealth~~] level in
5 excess of entitlement only after notice and hearing is afforded to
6 each school district affected by the order. The commissioner shall
7 adopt a plan that least disrupts the affected school districts. If
8 because the exigency to adopt a plan prevents the commissioner from
9 giving a reasonable time for notice and hearing, the commissioner
10 shall timely give notice to and hold a hearing for the affected
11 school districts, but in no event less than 30 days from time of
12 notice to the date of hearing.

13 (c) If a final order of a court of competent jurisdiction
14 should hold an option provided by Section 49.002 [~~41.003~~] invalid
15 and order a refund to a district of any amounts paid by a district
16 choosing that option, the amount shall be refunded but held in
17 reserve and not expended by the district until released by order of
18 the commissioner. The commissioner shall order the release
19 immediately on the commissioner's determination that, through one
20 of the means provided by law, the district has reduced the
21 district's local revenue level in excess of entitlement to the
22 [~~achieved the equalized wealth~~] level established under Section
23 48.257. The amount released shall be deducted from any state aid
24 payable to the district according to a schedule adopted by the
25 commissioner.

26 Sec. 49.012 [~~41.012~~]. DATE OF ELECTIONS. An election under
27 this chapter for voter approval of an agreement entered by the board

of trustees shall be held on a Tuesday or Saturday not more than 45 days after the date of the agreement. Section 41.001, Election Code, does not apply to the election.

Sec. 49.013 [~~41.013~~]. PROCEDURE. (a) Except as provided by Subchapter G, a decision of the commissioner under this chapter is appealable under Section 7.057.

(b) Any order of the commissioner issued under this chapter shall be given immediate effect and may not be stayed or enjoined pending any appeal.

(c) Chapter 2001, Government Code, does not apply to a decision of the commissioner under this chapter.

(d) On the request of the commissioner, the secretary of state shall publish any rules adopted under this chapter in the Texas Register and the Texas Administrative Code.

SECTION 1.050. Subchapter B, Chapter 41, Education Code, is transferred to Chapter 49, Education Code, as added by this Act, redesignated as Subchapter B, Chapter 49, Education Code, and amended to read as follows:

SUBCHAPTER B. CONSOLIDATION BY AGREEMENT

Sec. 49.051 [~~41.031~~]. AGREEMENT. The governing boards of any two or more school districts may consolidate the districts by agreement in accordance with this subchapter to establish a consolidated district with a local revenue level [~~wealth per student~~] equal to or less than the [~~equalized wealth~~] level established under Section 48.257. The agreement is not effective unless the commissioner certifies that the consolidated district, as a result of actions taken under this chapter, will have a local

1 revenue level [~~wealth per student~~] equal to or less than the
2 [~~equalized wealth~~] level established under Section 48.257.

3 Sec. 49.052 [~~41.032~~]. GOVERNING LAW. Except to the extent
4 modified by the terms of the agreement, the consolidated district
5 is governed by the applicable provisions of Subchapter D, Chapter
6 13, other than a provision requiring consolidating districts to be
7 contiguous. The agreement may not be inconsistent with the
8 requirements of this subchapter.

9 Sec. 49.053 [~~41.033~~]. GOVERNANCE PLAN. (a) The agreement
10 among the consolidating districts may include a governance plan
11 designed to preserve community-based and site-based decision
12 making within the consolidated district, including the delegation
13 of specific powers of the governing board of the district other than
14 the power to levy taxes, including a provision authorized by
15 Section 13.158(b).

16 (b) The governance plan may provide for a transitional board
17 of trustees during the first year after consolidation, but
18 beginning with the next year the board of trustees must be elected
19 from within the boundaries of the consolidated district. If the
20 consolidating districts elect trustees from single-member
21 districts, the consolidated district must adopt a plan to elect its
22 board of trustees from single-member districts.

23 Sec. 49.054 [~~41.034~~]. INCENTIVE AID. (a) For the first and
24 second school years after creation of a consolidated district under
25 this subchapter, the commissioner shall adjust allotments to the
26 consolidated district to the extent necessary to preserve the
27 effects of an adjustment under Section 48.052 [~~42.102, 42.103, or~~

42.105] to which either of the consolidating districts would have been entitled but for the consolidation.

(b) Except as provided by Subsection (c), a district receiving incentive aid payments under this section is not entitled to incentive aid under Subchapter G, Chapter 13.

(c) Four or more districts that consolidate into one district under this subchapter within a period of one year may elect to receive incentive aid under this section or to receive incentive aid for not more than five years under Subchapter G, Chapter 13. Incentive aid under this subsection may not provide the consolidated district with more revenue in state and local funds than the district would receive at the ~~[equalized wealth]~~ level established under Section 48.257.

SECTION 1.051. Subchapter C, Chapter 41, Education Code, is transferred to Chapter 49, Education Code, as added by this Act, redesignated as Subchapter C, Chapter 49, Education Code, and amended to read as follows:

SUBCHAPTER C. DETACHMENT AND ANNEXATION BY AGREEMENT

Sec. 49.101 ~~[41.061]~~. AGREEMENT. (a) By agreement of the governing boards of two school districts, territory may be detached from one of the districts and annexed to the other district if, after the action:

(1) the local revenue level ~~[wealth per student]~~ of the district from which territory is detached is equal to or less than the ~~[equalized wealth]~~ level established under Section 48.257; and

(2) the local revenue level ~~[wealth per student]~~ of

the district to which territory is annexed is not greater than the dollar amount guaranteed level of ~~[greatest level for which]~~ funds ~~[are]~~ provided under Section 48.202(a-1)(2) ~~[Subchapter F, Chapter 42]~~.

(b) The agreement is not effective unless the commissioner certifies that, after all actions taken under this chapter, the local revenue level ~~[wealth per student]~~ of each district involved will be equal to or less than the applicable level permitted by Subsection (a).

Sec. 49.102 ~~[41.062]~~. GOVERNING LAW. Except to the extent of any conflict with this chapter and except for any requirement that detached property must be annexed to a school district that is contiguous to the detached territory, the annexation and detachment is governed by Chapter 13.

Sec. 49.103 ~~[41.063]~~. ALLOCATION OF APPRAISED VALUE OF DIVIDED UNIT. If portions of a parcel or other item of property are located in different school districts as a result of a detachment and annexation under this subchapter, the parcel or other item of property shall be appraised for taxation as a unit, and the agreement shall allocate the taxable value of the property between the districts.

Sec. 49.104 ~~[41.064]~~. ALLOCATION OF INDEBTEDNESS. The annexation agreement may allocate to the receiving district any portion of the indebtedness of the district from which the territory is detached, and the receiving district assumes and is liable for the allocated indebtedness.

Sec. 49.105 ~~[41.065]~~. NOTICE. As soon as practicable after

the agreement is executed, the districts involved shall notify each affected property owner and the appraisal district in which the affected property is located.

SECTION 1.052. Chapter 49, Education Code, as added by this Act, is amended by adding Subchapter D, and a heading is added to that subchapter to read as follows:

SUBCHAPTER D. PURCHASE OF ATTENDANCE CREDIT

SECTION 1.053. Sections 41.091, 41.092, 41.093, 41.094, 41.095, 41.096, 41.097, and 41.099, Education Code, are transferred to Subchapter D, Chapter 49, Education Code, as added by this Act, redesignated as Sections 49.151, 49.152, 49.153, 49.154, 49.155, 49.156, 49.157, and 49.158, Education Code, and amended to read as follows:

Sec. 49.151 [~~41.091~~]. AGREEMENT. A school district with a local revenue [~~wealth per student that exceeds the equalized wealth~~] level in excess of entitlement may execute an agreement with the commissioner to purchase attendance credit [~~credits~~] in an amount sufficient, in combination with any other actions taken under this chapter, to reduce the district's local revenue level [~~wealth per student~~] to a level that is equal to or less than the [~~equalized wealth~~] level established under Section 48.257.

Sec. 49.152 [~~41.092~~]. CREDIT. The amount of [~~(a) For each~~] credit purchased decreases the dollar amount of a district's local revenue level [~~, the weighted average daily attendance of the purchasing school district is increased by one student in weighted average daily attendance~~] for purposes of determining whether the district exceeds the [~~equalized wealth~~] level established under

1 Section 48.257.

2 ~~[(b) A credit is not used in determining a school district's~~
3 ~~scholastic population, average daily attendance, or weighted~~
4 ~~average daily attendance for purposes of Chapter 42 or 43.]~~

5 Sec. 49.153 ~~[41.093]~~. COST. (a) The total ~~[Subject to~~
6 ~~Subsection (b-1), the]~~ cost of ~~[each]~~ credit is the ~~[an]~~ amount
7 ~~[equal to the greater of:~~

8 ~~[(1) the amount]~~ of the district's maintenance and
9 operations tax revenue that exceeds the level established under
10 Section 48.257 ~~[per student in weighted average daily attendance~~
11 ~~for the school year for which the contract is executed; or~~

12 ~~[(2) the amount of the statewide district average of~~
13 ~~maintenance and operations tax revenue per student in weighted~~
14 ~~average daily attendance for the school year preceding the school~~
15 ~~year for which the contract is executed].~~

16 (b) For purposes of this section, a school district's
17 maintenance and operations tax revenue does not include any amounts
18 paid into a tax increment fund under Chapter 311, Tax Code.

19 ~~[(b-1) If the guaranteed level of state and local funds per~~
20 ~~weighted student per cent of tax effort under Section~~
21 ~~42.302(a-1)(1) for which state funds are appropriated for a school~~
22 ~~year is an amount at least equal to the amount of revenue per~~
23 ~~weighted student per cent of tax effort available to the Austin~~
24 ~~Independent School District, as determined by the commissioner in~~
25 ~~cooperation with the Legislative Budget Board, the commissioner, in~~
26 ~~computing the amounts described by Subsections (a)(1) and (2) and~~
27 ~~determining the cost of an attendance credit, shall exclude~~

~~1 maintenance and operations tax revenue resulting from the tax rate~~
~~2 described by Section 41.002(a)(2).]~~

3 (c) The cost of ~~[an]~~ attendance credit for a school district
4 is computed using the final tax collections of the district.

5 Sec. 49.154 ~~[41.094]~~. PAYMENT. (a) A school district
6 shall pay for credit ~~[credits]~~ purchased:

7 (1) in equal monthly payments as determined by the
8 commissioner beginning February 15 and ending August 15 of the
9 school year for which the agreement is in effect; or

10 (2) in one payment for the total amount required to be
11 paid by the district not later than August 15 of the school year for
12 which the agreement is in effect.

13 (a-1) If a school district elects to pay for credit
14 purchased in the manner provided by Subsection (a)(2), the district
15 must notify the commissioner not later than February 15 of the
16 school year for which the agreement is in effect.

17 (b) Receipts shall be deposited in the state treasury and
18 may be used only for foundation school program purposes.

19 Sec. 49.155 ~~[41.095]~~. DURATION. An agreement under this
20 section is valid for one school year and, subject to Section 49.156
21 ~~[41.096]~~, may be renewed annually.

22 Sec. 49.156 ~~[41.096]~~. VOTER APPROVAL. (a) After first
23 executing an agreement under this section, the board of trustees
24 shall order and conduct an election, in the manner provided by
25 Sections 13.003(d)-(g), to obtain voter approval of the agreement.

26 (b) The ballot shall be printed to permit voting for or
27 against the proposition: "Authorizing the board of trustees of

1 _____ School District to purchase attendance credit [~~credits~~]
 2 from the state with local tax revenues."

3 (c) The proposition is approved if the proposition receives
 4 a favorable vote of a majority of the votes cast. If the
 5 proposition is approved, the agreement executed by the board is
 6 ratified, and the board has continuing authority to execute
 7 agreements under this subchapter on behalf of the district without
 8 further voter approval.

9 Sec. 49.157 [~~41.097~~]. CREDIT FOR APPRAISAL COSTS. [~~(a)~~]
 10 The total amount required under Section 49.153 [~~41.093~~] for a
 11 district to purchase attendance credit [~~credits~~] under this
 12 subchapter for any school year is reduced by an amount equal to the
 13 product of the district's total costs under Section 6.06, Tax Code,
 14 for the appraisal district or districts in which it participates
 15 multiplied by a percentage that is computed by dividing the total
 16 amount required under Section 49.153 [~~41.093~~] by the total amount
 17 of taxes imposed in the district for that year less any amounts paid
 18 into a tax increment fund under Chapter 311, Tax Code.

19 [~~(b) A school district is entitled to a reduction under~~
 20 ~~Subsection (a) beginning with the 1996-1997 school year. For that~~
 21 ~~school year, the reduction to which a district is entitled is the~~
 22 ~~sum of the amounts computed under Subsection (a) for the 1993-1994,~~
 23 ~~1994-1995, 1995-1996, and 1996-1997 school years. If that amount~~
 24 ~~exceeds the total amount required under Section 41.093 for the~~
 25 ~~1996-1997 school year, the difference is carried forward and the~~
 26 ~~total amount required under Section 41.093 is reduced each~~
 27 ~~subsequent school year until the total amount of the credit has been~~

1 ~~applied to such reductions.]~~

2 Sec. 49.158 ~~[41.099]~~. LIMITATION. (a) Sections 49.154 and
3 49.157 ~~[41.002(e), 41.094, 41.097, and 41.098]~~ apply only to a
4 district that:

5 (1) executes an agreement to purchase ~~[all]~~ attendance
6 credit ~~[credits]~~ necessary to reduce the district's local revenue
7 ~~[wealth per student to the equalized wealth]~~ level to the level
8 established under Section 48.257;

9 (2) executes an agreement to purchase attendance
10 credit ~~[credits]~~ and an agreement under Subchapter E to contract
11 for the education of nonresident students who transfer to and are
12 educated in the district but who are not charged tuition; or

13 (3) executes an agreement under Subchapter E to
14 contract for the education of nonresident students:

15 (A) to an extent that does not provide more than
16 10 percent of the reduction in local revenue ~~[wealth per student]~~
17 required for the district to achieve a local revenue level ~~[wealth~~
18 ~~per student]~~ that is equal to or less than the ~~[equalized wealth]~~
19 level established under Section 48.257; and

20 (B) under which all revenue paid by the district
21 to other districts, in excess of the reduction in state aid that
22 results from counting the weighted average daily attendance of the
23 students served in the contracting district, is required to be used
24 for funding a consortium of at least three districts in a county
25 with a population of less than 40,000 that is formed to support a
26 technology initiative.

27 (b) A district that executes an agreement under Subsection

(a)(3) must pay full market value for any good or service the district obtains through the consortium.

SECTION 1.054. Chapter 49, Education Code, as added by this Act, is amended by adding Subchapter E, and a heading is added to that subchapter to read as follows:

SUBCHAPTER E. EDUCATION OF NONRESIDENT STUDENTS

SECTION 1.055. Sections 41.121, 41.122, and 41.123, Education Code, are transferred to Subchapter E, Chapter 49, Education Code, as added by this Act, redesignated as Sections 49.201, 49.202, and 49.203, Education Code, and amended to read as follows:

Sec. 49.201 [~~41.121~~]. AGREEMENT. [~~(a)~~] The board of trustees of a district with a local revenue [~~wealth per student that exceeds the equalized wealth~~] level in excess of entitlement may execute an agreement to educate the students of another district in a number that, when the weighted average daily attendance of the students served is added to the weighted average daily attendance of the contracting district, is sufficient, in combination with any other actions taken under this chapter, to reduce the district's local revenue level [~~wealth per student~~] to a level that is equal to or less than the [~~equalized wealth~~] level established under Section 48.257. The agreement is not effective unless the commissioner certifies that the transfer of weighted average daily attendance will not result in any of the contracting districts' local revenue level [~~wealth per student~~] being greater than the [~~equalized wealth~~] level established under Section 48.257 and that the agreement requires an expenditure per student in weighted average

1 daily attendance that is at least equal to the amount per student in
2 weighted average daily attendance required under Section 49.153
3 [~~41.093~~].

4 Sec. 49.202 [~~41.122~~]. VOTER APPROVAL. (a) After first
5 executing an agreement under this subchapter other than an
6 agreement under Section 49.205 [~~41.125~~], the board of trustees of
7 the district that will be educating nonresident students shall
8 order and conduct an election, in the manner provided by Sections
9 13.003(d)-(g), to obtain voter approval of the agreement.

10 (b) The ballot shall be printed to permit voting for or
11 against the proposition: "Authorizing the board of trustees of
12 _____ School District to educate students of other school
13 districts with local tax revenues."

14 (c) The proposition is approved if the proposition receives
15 a favorable vote of a majority of the votes cast. If the
16 proposition is approved, the agreement executed by the board is
17 ratified, and the board has continuing authority to execute
18 agreements under this subchapter on behalf of the district without
19 further voter approval.

20 Sec. 49.203 [~~41.123~~]. WADA COUNT. For purposes of Chapter
21 48 [~~42~~], students served under an agreement under this subchapter
22 are counted only in the weighted average daily attendance of the
23 district providing the services, except that students served under
24 an agreement authorized by Section 49.205 [~~41.125~~] are counted in a
25 manner determined by the commissioner.

26 SECTION 1.056. Section 41.124, Education Code, as amended
27 by Chapters 581 (S.B. 810) and 705 (H.B. 3526), Acts of the 85th

Legislature, Regular Session, 2017, is transferred to Subchapter E, Chapter 49, Education Code, as added by this Act, redesignated as Section 49.204, Education Code, and reenacted and amended to read as follows:

Sec. 49.204 [~~41.124~~]. TRANSFERS. (a) The board of trustees of a school district with a local revenue [~~wealth per student that exceeds the equalized wealth~~] level in excess of entitlement may reduce the district's local revenue level [~~wealth per student~~] by serving nonresident students who transfer to the district and are educated by the district but who are not charged tuition. A district that exercises the option under this subsection is not required to execute an agreement with the school district in which a transferring student resides and must certify to the commissioner that the district has not charged or received tuition for the transferring students.

(b) [~~A school district with a wealth per student that exceeds the equalized wealth level that pays tuition to another school district for the education of students that reside in the district may apply the amount of tuition paid toward the cost of the option chosen by the district to reduce its wealth per student. The amount applied under this subsection may not exceed the amount determined under Section 41.093 as the cost of an attendance credit for the district. The commissioner may require any reports necessary to document the tuition payments.~~]

[~~(c)~~] A school district that receives tuition for a student from a school district with a local revenue [~~wealth per student that exceeds the equalized wealth~~] level in excess of entitlement may

not claim attendance for that student for purposes of Chapters ~~42 and~~ 46 and 48 and the instructional materials and technology allotment under Section 31.0211.

SECTION 1.057. Section 41.125, Education Code, is transferred to Subchapter E, Chapter 49, Education Code, as added by this Act, redesignated as Section 49.205, Education Code, and amended to read as follows:

Sec. 49.205 ~~[41.125]~~. CAREER AND TECHNOLOGY EDUCATION PROGRAMS. (a) The board of trustees of a school district with a local revenue ~~[wealth per student that exceeds the equalized wealth]~~ level in excess of entitlement may reduce the district's local revenue level ~~[wealth per student]~~ by executing an agreement to provide students of one or more other districts with career and technology education through a program designated as an area program for career and technology education.

(b) The agreement is not effective unless the commissioner certifies that:

(1) implementation of the agreement will not result in any of the affected districts' local revenue level ~~[wealth per student]~~ being greater than the ~~[equalized wealth]~~ level established under Section 48.257; and

(2) the agreement requires the district with a local revenue ~~[wealth per student that exceeds the equalized wealth]~~ level in excess of entitlement to make expenditures benefiting students from other districts in an amount at least equal to the amount that would be required for the district to purchase ~~[the number of]~~ attendance credit ~~[credits]~~ under Subchapter D

necessary, in combination with any other actions taken under this chapter other than an action under this section, to reduce the district's local revenue level [~~wealth per student~~] to a level that is equal to or less than the [~~equalized wealth~~] level established under Section 48.257.

SECTION 1.058. Subchapter F, Chapter 41, Education Code, is transferred to Chapter 49, Education Code, as added by this Act, redesignated as Subchapter F, Chapter 49, Education Code, and amended to read as follows:

SUBCHAPTER F. TAX BASE CONSOLIDATION

Sec. 49.251 [~~41.151~~]. AGREEMENT. The board of trustees of two or more school districts may execute an agreement to conduct an election on the creation of a consolidated taxing district for the maintenance and operation of the component school districts. The agreement is subject to approval by the commissioner. The agreement is not effective unless the commissioner certifies that the consolidated taxing district will have a local revenue level [~~wealth per student~~] equal to or less than the [~~equalized wealth~~] level established under Section 48.257 after all actions taken under this chapter.

Sec. 49.252 [~~41.152~~]. DATE OF ELECTION. Any agreement under this subchapter must provide for the ordering of an election to be held on the same date in each district.

Sec. 49.253 [~~41.153~~]. PROPOSITION. (a) The ballot shall be printed to permit voting for or against the proposition: "Creation of a consolidated taxing district composed of the territory of _____ school districts, and

1 authorizing the levy, assessment, and collection of annual ad
2 valorem taxes for the maintenance of the public free schools within
3 that taxing district at a rate not to exceed \$_____ on the \$100
4 valuation of taxable property."

5 (b) The rate to be included in the proposition shall be
6 provided by the agreement among the districts but may not exceed the
7 maximum rate provided by law for independent school districts.

8 Sec. 49.254 [~~41.154~~]. APPROVAL. The proposition is
9 approved only if the proposition receives a favorable vote of the
10 majority of the votes cast within each participating school
11 district.

12 Sec. 49.255 [~~41.155~~]. CONSOLIDATED TAXING DISTRICT. A
13 consolidated taxing district is a school district established for
14 the limited purpose of exercising the taxing power authorized by
15 Section 3, Article VII, Texas Constitution, and distributing the
16 revenue to its component school districts.

17 Sec. 49.256 [~~41.156~~]. GOVERNANCE. (a) The consolidated
18 taxing district is governed by the boards of the component school
19 districts acting jointly.

20 (b) Any action taken by the joint board must receive a
21 favorable vote of a majority of each component district's board of
22 trustees.

23 Sec. 49.257 [~~41.157~~]. MAINTENANCE TAX. (a) The joint
24 board shall levy a maintenance tax for the benefit of the component
25 school districts not later than September 1 of each year or as soon
26 thereafter as practicable.

27 (b) Each component district shall bear a share of the costs

1 of assessing and collecting taxes in proportion to the component
2 district's share of weighted average daily attendance in the
3 consolidated taxing district.

4 (c) A component district may not levy an ad valorem tax for
5 the maintenance and operation of the schools.

6 (d) Notwithstanding Section 45.003, the consolidated taxing
7 district may levy, assess, and collect a maintenance tax for the
8 benefit of the component districts at a rate that exceeds \$1.50 per
9 \$100 valuation of taxable property to the extent necessary to pay
10 contracted obligations on the lease purchase of permanent
11 improvements to real property entered into on or before May 12,
12 1993. The proposition to impose taxes at the necessary rate must be
13 submitted to the voters in the manner provided by Section 45.003.

14 Sec. 49.258 [~~41.158~~]. REVENUE DISTRIBUTION. The
15 consolidated taxing district shall distribute maintenance tax
16 revenue to the component districts on the basis of the number of
17 students in weighted average daily attendance in the component
18 districts.

19 Sec. 49.259 [~~41.159~~]. TAXES OF COMPONENT DISTRICTS. (a)
20 The governing board of a component school district of a
21 consolidated taxing district that has consolidated for maintenance
22 and operation purposes only may issue bonds and levy, pledge, and
23 collect ad valorem taxes within that component district sufficient
24 to pay the principal of and interest on those bonds as provided by
25 Chapter 45.

26 (b) A component district levying an ad valorem tax under
27 this section or Section 49.260(b)(1) [~~41.160(b)(1)~~] is entitled to

the guaranteed yield provided by Subchapter E [~~F~~], Chapter 48 [42], for that portion of its tax rate that, when added to the maintenance tax levied by the consolidated taxing unit, does not exceed the limitation provided by Section 48.203 [~~42.303~~].

Sec. 49.260 [~~41.160~~]. OPTIONAL TOTAL TAX BASE CONSOLIDATION. (a) An agreement executed under Section 49.251 [~~41.151~~] may provide for total tax base consolidation instead of consolidation for maintenance and operation purposes only.

(b) Under an agreement providing for total tax base consolidation:

(1) the component districts may not levy maintenance or bond taxes, except to the extent necessary to retire bonds and other obligations issued before the effective date of the consolidation;

(2) the joint board may issue bonds and levy, pledge, and collect ad valorem taxes sufficient to pay the principal of and interest on those bonds, and issue refunding bonds, as provided by Chapter 45 for independent school districts; and

(3) to the end of the ballot proposition required under Section 49.253(a) [~~41.153(a)~~] shall be added ", and further to create a consolidated tax base for the repayment of all bonded indebtedness issued by the joint board of the taxing district after the effective date of the consolidation and to authorize the joint board to levy, pledge, and collect ad valorem taxes at a rate sufficient to pay the principal of and interest on those bonds."

(c) Under an agreement providing for total tax base consolidation:

(1) the component districts may provide for the consolidated taxing district to assume all of the indebtedness of all component districts; and

(2) to the end of the ballot proposition required by Section 49.253(a) [~~41.153(a)~~] shall be added ", and further to create a consolidated tax base for the repayment of all bonded indebtedness issued by the joint board of the taxing district or previously issued by the component school districts and to authorize the joint board to levy, pledge, and collect ad valorem taxes at a rate sufficient to pay the principal of and interest on those bonds."

SECTION 1.059. Subchapter G, Chapter 41, Education Code, is transferred to Chapter 49, Education Code, as added by this Act, redesignated as Subchapter G, Chapter 49, Education Code, and amended to read as follows:

SUBCHAPTER G. DETACHMENT AND ANNEXATION BY COMMISSIONER

Sec. 49.301 [~~41.201~~]. DEFINITION. In this subchapter, "mineral property" means a real property mineral interest that has been severed from the surface estate by a mineral lease creating a determinable fee or by a conveyance that creates an interest taxable separately from the surface estate. A mineral property includes each royalty interest, working interest, or other undivided interest in the mineral property.

Sec. 49.302 [~~41.202~~]. DETERMINATION OF TAXABLE VALUE. (a) For purposes of this subchapter, the taxable value of an individual parcel or other item of property and the total taxable value of property in a school district resulting from the detachment of

1 property from or annexation of property to that district is
2 determined by applying the appraisal ratio for the appropriate
3 category of property determined under Subchapter M, Chapter 403,
4 Government Code, for the preceding tax year to the taxable value of
5 the detached or annexed property determined under Title 1, Tax
6 Code, for the preceding tax year.

7 (b) For purposes of this subchapter, the taxable value of
8 all or a portion of a parcel or item of real property includes the
9 taxable value of personal property having taxable situs at the same
10 location as the real property.

11 Sec. 49.303 [~~41.203~~]. PROPERTY SUBJECT TO DETACHMENT AND
12 ANNEXATION. (a) Only the following property may be detached and
13 annexed under this subchapter:

- 14 (1) a mineral property;
15 (2) real property used in the operation of a public
16 utility, including a pipeline, pipeline gathering system, or
17 railroad or other rail system; and
18 (3) real property used primarily for industrial or
19 other commercial purposes, other than property used primarily for
20 agriculture or for residential purposes.

21 (b) If a final judgment of a court determines that a mineral
22 interest may not be annexed and detached as provided by this
23 subchapter without an attendant annexation and detachment of the
24 surface estate or any other interest in the same land, the
25 detachment and annexation of a mineral interest under this
26 subchapter includes the surface estate and each other interest in
27 the land covered by the mineral interest.

1 Sec. 49.304 [~~41.204~~]. TAXATION OF PERSONAL PROPERTY.

2 Personal property having a taxable situs at the same location as
3 real property detached and annexed under this subchapter is taxable
4 by the school district to which the real property is annexed.

5 Sec. 49.305 [~~41.205~~]. DETACHMENT OF PROPERTY. (a) The
6 commissioner shall detach property under this section from each
7 school district from which the commissioner is required under
8 Section 49.004 [~~41.004~~] to detach property under this subchapter.

9 (b) The commissioner shall detach from each school district
10 covered by Subsection (a) one or more whole parcels or items of
11 property in descending order of the taxable value of each parcel or
12 item, beginning with the parcel or item having the greatest taxable
13 value, until the school district's local revenue level [~~wealth per~~
14 ~~student~~] is equal to or less than the [~~equalized wealth~~] level
15 established under Section 48.257, except as otherwise provided by
16 Subsection (c).

17 (c) If the detachment of whole parcels or items of property
18 [~~7~~] as provided by Subsection (a) would result in a district's local
19 revenue level [~~wealth per student~~] that is less than the [~~equalized~~
20 ~~wealth~~] level established under Section 48.257 by more than the
21 product of \$10,000 multiplied by weighted average daily attendance,
22 the commissioner may not detach the last parcel or item of property
23 and shall detach the next one or more parcels or items of property
24 in descending order of taxable value that would result in the school
25 district having a local revenue level [~~wealth per student~~] that is
26 equal to or less than the [~~equalized wealth~~] level established
27 under Section 48.257 by not more than the product of \$10,000

1 multiplied by weighted average daily attendance.

2 (d) Notwithstanding Subsections (a), (b), and (c), the
3 commissioner may detach only a portion of a parcel or item of
4 property if:

5 (1) it is not possible under this subchapter to reduce
6 the district's local revenue level [~~wealth per student~~] to a level
7 that is equal to or less than the [~~equalized wealth~~] level
8 established under Section 48.257 [~~this subchapter~~] unless some or
9 all of the parcel or item of property is detached and the detachment
10 of the whole parcel or item would result in the district from which
11 it is detached having a local revenue level [~~wealth per student~~]
12 that is less than the [~~equalized wealth~~] level established under
13 Section 48.257 by more than the product of \$10,000 multiplied by
14 weighted average daily attendance; or

15 (2) the commissioner determines that a partial
16 detachment of that parcel or item of property is preferable to the
17 detachment of one or more other parcels or items having a lower
18 taxable value in order to minimize the number of parcels or items of
19 property to be detached consistent with the purposes of this
20 chapter.

21 Sec. 49.306 [~~41.206~~]. ANNEXATION OF PROPERTY. (a) The
22 commissioner shall annex property detached under Section 49.305
23 [~~41.205~~] to school districts eligible for annexation in accordance
24 with this section. A school district is eligible for annexation of
25 property to it under this subchapter only if, before any
26 detachments or annexations are made in a year, the district's
27 taxable value of property does not exceed the value necessary to

1 generate maintenance and operations tax revenue in the amount equal
2 to the district's entitlement under Section 48.202(a-1)(2) [~~wealth~~
3 ~~per student is less than the greatest level for which funds are~~
4 ~~provided under Subchapter F, Chapter 42]~~.

5 (b) Property may be annexed to a school district without
6 regard to whether the property is contiguous to other property in
7 that district.

8 (c) The commissioner shall annex property detached from
9 school districts beginning with the property detached from the
10 school district with the greatest local revenue level in excess of
11 entitlement [~~wealth per student~~] before detachment, and continuing
12 with the property detached from each other school district in
13 descending order of the district's local revenue level in excess of
14 entitlement [~~wealth per student~~] before detachment.

15 (d) The commissioner shall annex the parcels or items of
16 property detached from a school district to other school districts
17 that are eligible for annexation of property in descending order of
18 the taxable value of each parcel or item according to the following
19 priorities:

20 (1) first, to the eligible school districts assigned
21 to the same county as the school district from which the property is
22 detached whose total adopted tax rate for the preceding tax year
23 does not exceed by more than \$0.15 the total tax rate adopted for
24 that year by the school district from which the property is
25 detached;

26 (2) second, to the eligible school districts served by
27 the same regional education service center as the district from

1 which the property is detached whose total adopted tax rate for the
2 preceding tax year does not exceed by more than \$0.10 the total tax
3 rate adopted for that year by the school district from which the
4 property is detached; and

5 (3) third, to other eligible school districts whose
6 total adopted tax rate for the preceding tax year does not exceed by
7 more than \$0.05 the total tax rate adopted for that year by the
8 school district from which the property is detached.

9 (e) If the districts identified by Subsection (d) for a
10 school district are insufficient to annex all the property detached
11 from the school district, the commissioner shall increase, for
12 purposes of this section, all the maximum difference in tax rates
13 allowed under Subsection (d) in increments of \$0.01 until the
14 districts are identified that are sufficient to annex all the
15 property detached from the district.

16 (f) If only one school district is eligible to annex
17 property detached from a school district within a priority group
18 established by Subsections (d) and (e), the commissioner shall
19 annex property to that district until it reaches the taxable value
20 of property necessary to generate maintenance and operations tax
21 revenue in the amount equal to the district's entitlement under
22 Section 48.202(a-1)(2) [a wealth per student equal as nearly as
23 possible to the greatest level for which funds are provided under
24 Subchapter F, Chapter 42], by annexing whole parcels or items of
25 property. Any remaining detached property shall be annexed to
26 eligible school districts in the next priority group as provided by
27 this section.

(g) If more than one school district is eligible to annex property detached from a school district within a priority group established by Subsections (d) and (e), the commissioner shall first annex property to the district within the priority group to which could be annexed the most taxable value of property without increasing the district's taxable value of property to an amount that exceeds the amount necessary to generate maintenance and operations tax revenue in the amount equal to the district's entitlement under Section 48.202(a-1)(2) ~~[its wealth per student above the greatest level for which funds are provided under Subchapter F, Chapter 42]~~, until that district reaches a taxable value of property necessary to generate maintenance and operations tax revenue in the amount equal to the district's entitlement under Section 48.202(a-1)(2) ~~[wealth per student equal as nearly as possible to the greatest level for which funds are provided under Subchapter F, Chapter 42]~~, by annexing whole parcels or items of property. Then any additional detached property shall be annexed in the same manner to other eligible school districts in the same priority group in descending order of capacity to receive taxable value of annexed property without increasing the district's taxable value of property to an amount that exceeds the amount necessary to generate maintenance and operations tax revenue in the amount equal to the district's entitlement under Section 48.202(a-1)(2) ~~[wealth per student above the greatest level for which funds are provided under Subchapter F, Chapter 42]~~. If every school district in a priority group reaches a taxable value of property necessary to generate maintenance and operations tax revenue in the amount equal

1 to the district's entitlement under Section 48.202(a-1)(2) [~~wealth~~
2 ~~per student equal to the greatest level for which funds are provided~~
3 ~~under Subchapter F, Chapter 42]~~, as nearly as possible, the
4 remaining detached property shall be annexed to school districts in
5 the next priority group in the manner provided by this section.

6 (h) For purposes of this section, a portion of a parcel or
7 item of property detached in that subdivided form from a school
8 district is treated as a whole parcel or item of property.

9 (i) The commissioner may order the annexation of a portion
10 of a parcel or item of property, including a portion of property
11 treated as a whole parcel or item under Subsection (h), if:

12 (1) the annexation of the whole parcel or item would
13 result in the district eligible to receive it in the appropriate
14 priority order provided by this section having a local revenue
15 level [~~wealth per student~~] greater than the amount by which the
16 product of \$10,000 multiplied by weighted average daily attendance
17 exceeds the taxable value of property necessary to generate
18 maintenance and operations tax revenue in the amount equal to the
19 district's entitlement under Section 48.202(a-1)(2) [~~more than the~~
20 ~~greatest level for which funds are provided under Subchapter F,~~
21 ~~Chapter 42]~~; or

22 (2) the commissioner determines that annexation of
23 portions of the parcel or item would reduce disparities in district
24 taxable values of property necessary to generate maintenance and
25 operations tax revenue in the amount equal to a district's
26 entitlement under Section 48.202(a-1)(2) [~~wealth per student~~] more
27 efficiently than would be possible if the parcel or item were

annexed as a whole.

(j) The commissioner may modify the priorities established by this section as the commissioner considers reasonable to minimize or reduce the number of school districts to which the property detached from a school district is annexed, to minimize or reduce the geographic dispersal of property in a school district, to minimize or reduce disparities in school district taxable values of property necessary to generate maintenance and operations tax revenue in the amount equal to a district's entitlement under Section 48.202(a-1)(2) [wealth per student] that would otherwise result, or to minimize or reduce any administrative burden or expense.

(k) For purposes of this section, a school district is assigned to a county if the school district is assigned to that county in the 1992-1993 Texas School Directory published by the Central Education Agency.

Sec. 49.307 [~~41.207~~]. LIMITATIONS ON DETACHMENT AND ANNEXATION. The commissioner may detach and annex property under this subchapter only if:

(1) the property is not exempt from ad valorem taxation under Section 11.20 or 11.21, Tax Code; and

(2) the property does not contain a building or structure owned by the United States, this state, or a political subdivision of this state that is exempt from ad valorem taxation under law.

Sec. 49.308 [~~41.208~~]. ORDERS AND NOTICE. (a) The commissioner shall order any detachments and annexations of

1 property under this subchapter not later than November 8 of each
2 year.

3 (b) As soon as practicable after issuing the order under
4 Subsection (a), the commissioner shall notify each affected school
5 district and the appraisal district in which the affected property
6 is located of the determination.

7 Sec. 49.309 [~~41.209~~]. TREATMENT OF SUBDIVIDED PROPERTY.

8 (a) If the commissioner orders the detachment or annexation of a
9 portion of a parcel or item of property under this subchapter, the
10 order shall specify the portion of the taxable value of the property
11 to be detached or annexed and may, but need not, describe the
12 specific area of the parcel or item to be detached or annexed.

13 (b) If an order for the detachment or annexation of a
14 portion of a parcel or item of property does not describe the
15 specific area of the parcel or item to be detached or annexed, the
16 commissioner, as soon as practicable after issuing the order, shall
17 determine the specific area to be detached or annexed and shall
18 certify that determination to the appraisal district for the county
19 in which the property is located.

20 (c) If portions of a parcel or item of property are located
21 in two or more school districts as the result of a detachment or
22 annexation, the parcel or item shall be appraised for taxation as a
23 unit, and the commissioner shall determine the portion of the
24 taxable value of the property that is located in each of those
25 school districts based on the square footage of the property, or any
26 other reasonable method adopted by the commissioner.

27 Sec. 49.310 [~~41.210~~]. DUTIES OF CHIEF APPRAISER. (a) The

1 chief appraiser of each appraisal district shall cooperate with the
2 commissioner in administering this subchapter. The commissioner
3 may require the chief appraiser to submit any reports or provide any
4 information available to the chief appraiser in the form and at the
5 times required by the commissioner.

6 (b) As soon as practicable after the detachment and
7 annexation of property, the chief appraiser of the appraisal
8 district in which the property is located shall send a written
9 notice of the detachment and annexation to the owner of any property
10 taxable in a different school district as a result of the detachment
11 and annexation. The notice must include the name of the school
12 district by which the property is taxable after the detachment and
13 annexation.

14 (c) The commissioner may reimburse an appraisal district
15 for any costs incurred in administering this subchapter and may
16 condition the reimbursement or the amount of the reimbursement on
17 the timely submission of reports or information required by the
18 commissioner or the satisfactory performance of any other action
19 required or requested by the commissioner.

20 Sec. 49.311 [~~41.211~~]. STUDENT ATTENDANCE. A student who
21 is a resident of real property detached from a school district may
22 choose to attend school in that district or in the district to which
23 the property is annexed. For purposes of determining average daily
24 attendance under Section 48.005 [~~42.005~~], the student shall be
25 counted in the district to which the property is annexed. If the
26 student chooses to attend school in the district from which the
27 property is detached, the state shall withhold any foundation

1 school funds from the district to which the property is annexed and
2 shall allocate to the district in which the student is attending
3 school those funds and the amount of funds equal to the difference
4 between the state funds the district is receiving for the student
5 and the district's cost in educating the student.

6 Sec. 49.312 [~~41.212~~]. BOND TAXES. Property detached from
7 a school district is released from the obligation for any tax to pay
8 principal and interest on bonds authorized by the district before
9 detachment. The property is subject to any tax to pay principal or
10 interest on bonds authorized by the district to which the property
11 is annexed whether authorized before or after annexation.

12 Sec. 49.313 [~~41.213~~]. DETERMINATION BY COMMISSIONER
13 FINAL. A decision or determination of the commissioner under this
14 subchapter is final and not appealable.

15 SECTION 1.060. Subchapter H, Chapter 41, Education Code, is
16 transferred to Chapter 49, Education Code, as added by this Act,
17 redesignated as Subchapter H, Chapter 49, Education Code, and
18 amended to read as follows:

19 SUBCHAPTER H. CONSOLIDATION BY COMMISSIONER

20 Sec. 49.351 [~~41.251~~]. COMMISSIONER ORDER. If the
21 commissioner is required under Section 49.004 [~~41.004~~] to order the
22 consolidation of districts, the consolidation is governed by this
23 subchapter. The commissioner's order shall be effective on a date
24 determined by the commissioner, but not later than the earliest
25 practicable date after November 8.

26 Sec. 49.352 [~~41.252~~]. SELECTION CRITERIA. (a) In
27 selecting the districts to be consolidated with a district that has

1 taxable values of property in an amount that exceeds the local
2 revenue level established under Section 48.257 [~~a property wealth~~
3 ~~greater than the equalized wealth level~~], the commissioner shall
4 select one or more districts [~~with a wealth per student~~] that, when
5 consolidated, will result in a consolidated district with a local
6 revenue level [~~wealth per student~~] equal to or less than the
7 [~~equalized wealth~~] level established under Section 48.257. In
8 achieving that result, the commissioner shall give priority to
9 school districts in the following order:

10 (1) first, to the contiguous district that has the
11 lowest local revenue level [~~wealth per student~~] and is located in
12 the same county;

13 (2) second, to the district that has the lowest local
14 revenue level [~~wealth per student~~] and is located in the same
15 county;

16 (3) third, to a contiguous district with a local
17 revenue level [~~property wealth~~] below the [~~equalized wealth~~] level
18 established under Section 48.257 that has requested the
19 commissioner that it be considered in a consolidation plan;

20 (4) fourth, to include as few districts as possible
21 that have the lowest local revenue levels below the [~~fall below the~~
22 ~~equalized wealth~~] level established under Section 48.257 within the
23 consolidation order that have not requested the commissioner to be
24 included;

25 (5) fifth, to the district that has the lowest local
26 revenue level [~~wealth per student~~] and is located in the same
27 regional education service center area; and

1 (6) sixth, to a district that has a tax rate similar to
2 that of the district that has a local revenue level [~~property~~
3 ~~wealth~~] greater than the [~~equalized wealth~~] level established under
4 Section 48.257.

5 (b) The commissioner may not select a district that has been
6 created as a result of consolidation by agreement under Subchapter
7 B to be consolidated under this subchapter with a district that has
8 a local revenue level [~~property wealth~~] greater than the [~~equalized~~
9 ~~wealth~~] level established under Section 48.257.

10 (c) In applying the selection criteria specified by
11 Subsection (a), if more than two districts are to be consolidated,
12 the commissioner shall select the third and each subsequent
13 district to be consolidated by treating the district that has a
14 local revenue level [~~property wealth~~] greater than the [~~equalized~~
15 ~~wealth~~] level established under Section 48.257 and the district or
16 districts previously selected for consolidation as one district.

17 Sec. 49.353 [~~41.253~~]. GOVERNANCE. (a) Until the initial
18 trustees elected as provided by Subsection (b) have qualified and
19 taken office, a district consolidated under this subchapter is
20 governed by a transitional board of trustees consisting of the
21 board of trustees of the district having the greatest student
22 membership on the last day of the school year preceding the
23 consolidation plus one member of the board of trustees of each other
24 consolidating district selected by that board.

25 (b) The transitional board of trustees shall divide the
26 consolidated district into nine single-member trustee districts in
27 accordance with the procedures provided by Section 11.052. The

transitional board shall order an election for the initial board of trustees to be held on the first May uniform election date after the effective date of a consolidation order.

(c) Members of the board of trustees of a consolidated district serve staggered terms of office for four years.

(d) Section 13.156 applies to districts consolidated under this subchapter.

Sec. 49.354 [~~41.254~~]. DISSOLUTION OF CONSOLIDATED DISTRICT. (a) If the legislature abolishes ad valorem taxes for public school maintenance and operations and adopts another method of funding public education, the board of trustees of a consolidated district created under this subchapter may dissolve the consolidated district, provided that the dissolution is approved by a majority of those voters residing within the district participating in an election called for the purpose of approving the dissolution of the consolidated school district.

(b) If a consolidated district is dissolved, each of the former districts is restored as a separate district and is classified as an independent district.

(c) Title to real property of the consolidated district is allocated to the restored district in which the property is located. Title to proportionate shares of the fund balances and personal property of the consolidated district, as determined by Subsection (e), are allocated to each restored district.

(d) Each of the restored districts assumes and is liable for:

(1) indebtedness of the consolidated district that

relates to real property allocated to the district; and

(2) a proportionate share, as determined by Subsection (e), of indebtedness of the consolidated district that does not relate to real property.

(e) A restored district's proportionate share of fund balances, personal property, or indebtedness is equal to the proportion that the number of students in average daily attendance in the restored district bears to the number of students in average daily attendance in the consolidated district.

Sec. 49.355 [~~41.255~~]. FUND BALANCES. Fund balances of a school district consolidated under this subchapter may be used only for the benefit of the schools within the district that generated the funds.

Sec. 49.356 [~~41.256~~]. EMPLOYMENT CONTRACTS. A consolidated district created under this subchapter shall honor an employment contract entered into by a consolidating district.

Sec. 49.357 [~~41.257~~]. APPLICATION OF [~~SMALL AND~~] SPARSE ADJUSTMENT [~~ADJUSTMENTS~~] AND SMALL AND TRANSPORTATION ALLOTMENTS [~~ALLOTMENT~~]. The budget of the consolidated district must apply the benefit of the adjustment or allotment to the schools of the consolidating district to which Section 48.052 [~~42.103~~], 48.101 [~~42.105~~], or 48.151 [~~42.155~~] would have applied in the event that the consolidated district still qualifies as a small or sparse district.

SECTION 1.061. Section 403.302(d), Government Code, is amended to read as follows:

(d) For the purposes of this section, "taxable value" means

1 the market value of all taxable property less:

2 (1) the total dollar amount of any residence homestead
3 exemptions lawfully granted under Section 11.13(b) or (c), Tax
4 Code, in the year that is the subject of the study for each school
5 district;

6 (2) one-half of the total dollar amount of any
7 residence homestead exemptions granted under Section 11.13(n), Tax
8 Code, in the year that is the subject of the study for each school
9 district;

10 (3) the total dollar amount of any exemptions granted
11 before May 31, 1993, within a reinvestment zone under agreements
12 authorized by Chapter 312, Tax Code;

13 (4) subject to Subsection (e), the total dollar amount
14 of any captured appraised value of property that:

15 (A) is within a reinvestment zone created on or
16 before May 31, 1999, or is proposed to be included within the
17 boundaries of a reinvestment zone as the boundaries of the zone and
18 the proposed portion of tax increment paid into the tax increment
19 fund by a school district are described in a written notification
20 provided by the municipality or the board of directors of the zone
21 to the governing bodies of the other taxing units in the manner
22 provided by former Section 311.003(e), Tax Code, before May 31,
23 1999, and within the boundaries of the zone as those boundaries
24 existed on September 1, 1999, including subsequent improvements to
25 the property regardless of when made;

26 (B) generates taxes paid into a tax increment
27 fund created under Chapter 311, Tax Code, under a reinvestment zone

1 financing plan approved under Section 311.011(d), Tax Code, on or
2 before September 1, 1999; and

3 (C) is eligible for tax increment financing under
4 Chapter 311, Tax Code;

5 (5) the total dollar amount of any captured appraised
6 value of property that:

7 (A) is within a reinvestment zone:

8 (i) created on or before December 31, 2008,
9 by a municipality with a population of less than 18,000; and

10 (ii) the project plan for which includes
11 the alteration, remodeling, repair, or reconstruction of a
12 structure that is included on the National Register of Historic
13 Places and requires that a portion of the tax increment of the zone
14 be used for the improvement or construction of related facilities
15 or for affordable housing;

16 (B) generates school district taxes that are paid
17 into a tax increment fund created under Chapter 311, Tax Code; and

18 (C) is eligible for tax increment financing under
19 Chapter 311, Tax Code;

20 (6) the total dollar amount of any exemptions granted
21 under Section 11.251 or 11.253, Tax Code;

22 (7) the difference between the comptroller's estimate
23 of the market value and the productivity value of land that
24 qualifies for appraisal on the basis of its productive capacity,
25 except that the productivity value estimated by the comptroller may
26 not exceed the fair market value of the land;

27 (8) the portion of the appraised value of residence

homesteads of individuals who receive a tax limitation under Section 11.26, Tax Code, on which school district taxes are not imposed in the year that is the subject of the study, calculated as if the residence homesteads were appraised at the full value required by law;

(9) a portion of the market value of property not otherwise fully taxable by the district at market value because of[÷

[~~(A)~~] action required by statute or the constitution of this state, other than Section 11.311, Tax Code, that, if the tax rate adopted by the district is applied to it, produces an amount equal to the difference between the tax that the district would have imposed on the property if the property were fully taxable at market value and the tax that the district is actually authorized to impose on the property, if this subsection does not otherwise require that portion to be deducted; [~~or~~

~~[(B) action taken by the district under Subchapter B or C, Chapter 313, Tax Code, before the expiration of the subchapter,]~~

(10) the market value of all tangible personal property, other than manufactured homes, owned by a family or individual and not held or used for the production of income;

(11) the appraised value of property the collection of delinquent taxes on which is deferred under Section 33.06, Tax Code;

(12) the portion of the appraised value of property the collection of delinquent taxes on which is deferred under

Section 33.065, Tax Code; and

(13) the amount by which the market value of a residence homestead to which Section 23.23, Tax Code, applies exceeds the appraised value of that property as calculated under that section.

SECTION 1.062. Sections 825.405(a), (b), (e), and (f), Government Code, are amended to read as follows:

(a) An employing school district or an open-enrollment charter school, as applicable, shall pay the state's contribution on the portion of a member's salary that exceeds the statutory minimum salary for ~~For~~ members:

(1) entitled to the minimum salary for certain school personnel under Section 21.402, Education Code;

(2) [~~, and for members~~] who would have been entitled to the minimum salary for certain school personnel under former Section 16.056, Education Code, as that section existed on January 1, 1995; and

(3) who would be entitled to the minimum salary for certain school personnel under Section 21.402, Education Code, if the member was employed by a school district subject to that section instead of being employed by:

(A) an open-enrollment charter school; or

(B) a school district that has adopted a local innovation plan under Chapter 12A, Education Code, that exempts the district's employees from the minimum salary schedule under that section~~[, the employing district shall pay the state's contribution on the portion of the member's salary that exceeds the statutory~~

1 ~~minimum salary~~].

2 (b) For purposes of this section, ~~+~~

3 ~~[(1)]~~ the statutory minimum salary for a member
4 described by:

5 (1) Subsection (a)(1) ~~[certain school personnel under~~
6 ~~Section 21.402, Education Code,~~] is the salary provided by Section
7 21.402, Education Code ~~[that section multiplied by the cost of~~
8 ~~education adjustment applicable under Section 42.102, Education~~
9 ~~Code, to the district in which the member is employed]; [and]~~

10 (2) Subsection (a)(2) ~~[the statutory minimum salary~~
11 ~~for members who would have been entitled to the minimum salary for~~
12 ~~certain school personnel under former Section 16.056, Education~~
13 ~~Code, as that section existed on January 1, 1995,]~~ is a minimum
14 salary computed in the same manner as the minimum salary for certain
15 school personnel under Section 21.402, Education Code; and

16 (3) Subsection (a)(3) is the minimum salary the member
17 would have been entitled to if the member was subject to Section
18 21.402, Education Code ~~[, multiplied by the cost of education~~
19 ~~adjustment applicable under Section 42.102, Education Code, to the~~
20 ~~district in which the member is employed].~~

21 (e) After the end of each school year, the retirement system
22 shall certify to the commissioner of education:

23 (1) the names of any employers ~~[employing districts]~~
24 that have failed to remit, within the period required by Section
25 825.408, all contributions required under this section for the
26 school year; and

27 (2) the amounts of the unpaid contributions.

1 (f) If the commissioner of education receives a
2 certification under Subsection (e), the commissioner shall direct
3 the comptroller of public accounts to withhold the amount
4 certified, plus interest computed at the rate and in the manner
5 provided by Section 825.408, from the first state money payable to
6 the employer [~~school district~~]. The amount withheld shall be
7 deposited to the credit of the appropriate accounts of the
8 retirement system.

9 SECTION 1.063. Section 26.08, Tax Code, is amended by
10 amending Subsections (a), (b), (i), and (n) and adding Subsections
11 (a-1) and (n-1) to read as follows:

12 (a) If the governing body of a school district adopts a tax
13 rate that exceeds the district's rollback tax rate, the registered
14 voters of the district at an election held for that purpose must
15 determine whether to approve the adopted tax rate.

16 (a-1) When increased expenditure of money by a school
17 district is necessary to respond to a disaster, including a
18 tornado, hurricane, flood, or other calamity, but not including a
19 drought, that has impacted a school district and the governor has
20 requested federal disaster assistance for the area in which the
21 school district is located, an election is not required under this
22 section to approve the tax rate adopted by the governing body for
23 the year following the year in which the disaster occurs. A tax
24 rate adopted under this subsection applies only in the year for
25 which the rate is adopted. If a district adopts a tax rate under
26 this subsection, the amount by which that rate exceeds the
27 district's rollback tax rate for that tax year may not be considered

1 when calculating the district's rollback tax rate for the tax year
2 following the year in which the district adopts the rate.

3 (b) The governing body shall order that the election be held
4 in the school district on the next uniform election [a] date
5 prescribed by [~~not less than 30 or more than 90 days after the day on~~
6 ~~which it adopted the tax rate.~~] Section 41.001, Election Code, that
7 occurs after the date of the election order and that allows
8 sufficient time to comply with the requirements of other law [~~does~~
9 ~~not apply to the election unless a date specified by that section~~
10 ~~falls within the time permitted by this section~~]. At the election,
11 the ballots shall be prepared to permit voting for or against the
12 proposition: "Ratifying [~~Approving~~] the ad valorem tax rate of ____
13 (insert adopted tax rate) [~~\$_____ per \$100 valuation~~] in (name of
14 school district) for the current year, a rate that will result in an
15 increase of _____ (insert percentage increase in maintenance and
16 operations tax revenue under the adopted tax rate as compared to
17 maintenance and operations tax revenue in the preceding tax year)
18 percent in maintenance and operations tax revenue for the district
19 for the current year as compared to the preceding year, which is an
20 additional \$_____ (insert dollar amount of increase in maintenance
21 and operations tax revenue under the adopted tax rate as compared to
22 maintenance and operations tax revenue in the preceding tax year)
23 [~~is \$_____ higher per \$100 valuation than the school district~~
24 ~~rollback tax rate, for the purpose of (description of purpose of~~
25 ~~increase)] ."~~

[~~The ballot proposition must include the adopted tax~~
26 ~~rate and the difference between that rate and the rollback tax rate~~
27 ~~in the appropriate places.~~]

(i) For purposes of this section, "enrichment tax rate" has the meaning assigned by Section 45.0032, Education Code [~~the effective maintenance and operations tax rate of a school district is the tax rate that, applied to the current total value for the district, would impose taxes in an amount that, when added to state funds that would be distributed to the district under Chapter 42, Education Code, for the school year beginning in the current tax year using that tax rate, would provide the same amount of state funds distributed under Chapter 42, Education Code, and maintenance and operations taxes of the district per student in weighted average daily attendance for that school year that would have been available to the district in the preceding year if the funding elements for Chapters 41 and 42, Education Code, for the current year had been in effect for the preceding year~~].

(n) For purposes of this section, the rollback tax rate of a school district [~~whose maintenance and operations tax rate for the 2005 tax year was \$1.50 or less per \$100 of taxable value~~] is:

(1) for the 2019 [~~2006~~] tax year, the sum of the following:

(A) the rate [that is equal to 88.67 percent of the maintenance and operations tax rate adopted by the district for the 2005 tax year, the rate of \$0.04] per \$100 of taxable value that is equal to the product of the state compression percentage, as determined under Section 48.255, Education Code, for the 2019 tax year and \$1.00;

(B) the greater of:

(i) the district's maintenance and

operations tax rate for the 2018 tax year, less the sum of:

(a) \$1.00; and

(b) any amount by which the district is required to reduce the district's enrichment tax rate under Section 48.202(f), Education Code, in the 2019 tax year; or

(ii) the rate of \$0.04 per \$100 of taxable value; and

(C) [~~and~~] the district's current debt rate; and

(2) for the 2020 [~~2007~~] and subsequent tax years, the sum [~~lesser~~] of the following:

(A) [~~the sum of the following:~~

(i) the rate per \$100 of taxable value that is equal to the product of the state compression percentage, as determined under Section 48.255 [42.2516], Education Code, for the current year and \$1.00 [~~\$1.50~~];

(B) the greater of:

(i) the district's enrichment tax rate for the preceding tax year, less any amount by which the district is required to reduce the district's enrichment tax rate under Section 48.202(f), Education Code, in the current tax year; or

(ii) the rate of \$0.05 [~~\$0.04~~] per \$100 of taxable value; and

(C) [~~(iii) the rate that is equal to the sum of the differences for the 2006 and each subsequent tax year between the adopted tax rate of the district for that year if the rate was approved at an election under this section and the rollback tax rate of the district for that year, and~~

1 ~~[(iv)]~~ the district's current debt rate~~+~~
2 ~~or~~
3 ~~[(B) the sum of the following:~~
4 ~~[(i) the effective maintenance and~~
5 ~~operations tax rate of the district as computed under Subsection~~
6 ~~(i) or (k), as applicable,~~
7 ~~[(ii) the rate per \$100 of taxable value~~
8 ~~that is equal to the product of the state compression percentage, as~~
9 ~~determined under Section 42.2516, Education Code, for the current~~
10 ~~year and \$0.06; and~~
11 ~~[(iii) the district's current debt rate].~~

12 (n-1) For the 2020 tax year, a school district shall
13 substitute "\$0.04" for "\$0.05" in Subsection (n)(2)(B)(ii) if the
14 governing body of the district does not adopt by unanimous vote for
15 that tax year a maintenance and operations tax rate at least equal
16 to the sum of the rate described by Subsection (n)(2)(A) and the
17 rate of \$0.05 per \$100 of taxable value.

18 SECTION 1.064. Chapter 26, Tax Code, is amended by adding
19 Section 26.151 to read as follows:

20 Sec. 26.151. ESCROW ACCOUNT FOR PROPERTY TAXES. (a) In this
21 section:

22 (1) "Home loan" has the meaning assigned by Section
23 343.001, Finance Code.

24 (2) "Home loan servicer" means a person who:
25 (A) receives scheduled payments from a borrower
26 under the terms of a home loan, including amounts for escrow
27 accounts; and

1 (B) makes the payments of principal and interest
2 to the owner of the loan or other third party and makes any other
3 payments with respect to the amounts received from the borrower as
4 may be required under the terms of the servicing loan document or
5 servicing contract.

6 (3) "Property tax escrow account" means an escrow
7 account maintained by a lender or loan servicer to hold funds
8 prepaid by the borrower on a loan for the payment of property taxes
9 on real property securing the loan as the taxes become due.

10 (b) To the extent that H.B. 3, 86th Legislature, Regular
11 Session, 2019, has the effect of reducing property taxes in this
12 state, a lender or home loan servicer of a home loan that maintains
13 a property tax escrow account must take into account the effect of
14 that legislation in establishing the borrower's annual property tax
15 payments to be held in that account and immediately adjust the
16 borrower's monthly payments accordingly.

17 (c) This section expires September 1, 2023.

18 SECTION 1.065. (a) This section takes effect only if
19 H.B. 2, 86th Legislature, Regular Session, 2019, or another act of
20 that legislature that amends Chapter 26, Tax Code, to change the
21 term "effective tax rate" to "no-new-revenue tax rate" becomes law.

22 (b) Effective January 1, 2020, Section 26.08(g), Tax Code,
23 is amended to read as follows:

24 (g) In a school district that received distributions from an
25 equalization tax imposed under former Chapter 18, Education Code,
26 the no-new-revenue tax [~~effective~~] rate of that tax as of the date
27 of the county unit system's abolition is added to the district's

rollback tax rate.

ARTICLE 1A. PROPERTY TAX COMPRESSION

SECTION 1A.001. Effective September 1, 2020, Section 13.054, Education Code, is amended by amending Subsection (f) and adding Subsection (f-1) to read as follows:

(f) For five years beginning with the school year in which the annexation occurs, a school district shall receive additional funding under this subsection or Subsection (h). The amount of funding shall be determined by multiplying the lesser of the enlarged district's local fund assignment computed under Section 48.256 [~~42.252~~] or the enlarged district's total cost of tier one by a fraction, the numerator of which is the number of students residing in the territory annexed to the receiving district preceding the date of the annexation and the denominator of which is the number of students residing in the district as enlarged on the date of the annexation, and multiplying the resulting product by the quotient of the enlarged district's maximum compressed tax rate, as determined under Section 48.2551, for the current school year divided by the receiving district's maximum compressed tax rate, as determined under Section 48.2551, for the year in which the annexation occurred.

(f-1) Notwithstanding Subsection (f), for an annexation that occurred before September 1, 2019, for five years beginning with the school year in which the annexation occurs, a school district shall receive additional funding under this subsection or Subsection (h). The amount of funding shall be determined by multiplying the lesser of the enlarged district's local fund

1 assignment computed under Section 48.256 or the enlarged district's
2 total cost of tier one by a fraction, the numerator of which is the
3 number of students residing in the territory annexed to the
4 receiving district preceding the date of the annexation and the
5 denominator of which is the number of students residing in the
6 district as enlarged on the date of the annexation, and dividing the
7 receiving district's maximum compressed tax rate, as determined
8 under Section 48.2551. This subsection expires September 1, 2021.

9 SECTION 1A.002. Effective September 1, 2020, Section
10 30.003, Education Code, is amended by amending Subsection (f-1) and
11 adding Subsection (f-2) to read as follows:

12 (f-1) The commissioner shall determine the total amount
13 that the Texas School for the Blind and Visually Impaired and the
14 Texas School for the Deaf would have received from school districts
15 in accordance with this section if the following provisions had not
16 reduced the districts' share of the cost of providing education
17 services:

18 (1) H.B. No. 1, Acts of the 79th Legislature, 3rd
19 Called Session, 2006;

20 (2) Section 45.0032;

21 (3) Section 48.255; and

22 (4) Section 48.2551.

23 (f-2) The amount determined under Subsection (f-1), ~~[had~~
24 ~~not reduced the districts' share of the cost of providing education~~
25 ~~services. That amount,~~] minus any amount the schools do receive
26 from school districts, shall be set aside as a separate account in
27 the foundation school fund and appropriated to those schools for

educational purposes.

SECTION 1A.003. Effective September 1, 2020, Section 45.003(d), Education Code, is amended to read as follows:

(d) A proposition submitted to authorize the levy of maintenance taxes must include the question of whether the governing board or commissioners court may levy, assess, and collect annual ad valorem taxes for the further maintenance of public schools, at a rate not to exceed the rate stated in the proposition. For any year, the maintenance tax rate per \$100 of taxable value adopted by the district may not exceed the rate equal to the sum of \$0.17 and the district's maximum compressed rate ~~[product of the state compression percentage]~~, as determined under Section 48.2551 ~~[42.2516, multiplied by \$1.50]~~.

SECTION 1A.004. (a) Effective September 1, 2020, Section 45.0032, Education Code, as added by this Act, is amended by adding Subsection (a) to read as follows:

(a) A school district's tier one maintenance and operations tax rate is the number of cents levied by the district for maintenance and operations that does not exceed the maximum compressed rate, as determined under Section 48.2551.

(b) Section 45.0032(a), Education Code, as added by Article 1 of this Act, expires on the effective date of this section.

SECTION 1A.005. Effective September 1, 2020, Section 42.101, Education Code, is transferred to Subchapter B, Chapter 48, Education Code, as added by this Act, redesignated as Section 48.051, Education Code, and amended to read as follows:

Sec. 48.051 ~~[42.101]~~. BASIC ALLOTMENT. (a) For each

1 student in average daily attendance, not including the time
 2 students spend each day in special education programs in an
 3 instructional arrangement other than mainstream or career and
 4 technology education programs, for which an additional allotment is
 5 made under Subchapter C, a district is entitled to an allotment
 6 equal to the lesser of \$6,160 [~~\$4,765~~] or the amount that results
 7 from the following formula:

$$8 \quad A = \underline{\$6,160} [\underline{\$4,765}] \times \underline{TR/MCR} [(\underline{DCR/MCR})]$$

9 where:

10 "A" is the allotment to which a district is entitled;

11 "TR" [~~"DCR"~~] is the district's tier one maintenance and
 12 operations [~~compressed~~] tax rate, as provided by Section 45.0032
 13 [~~which is the product of the state compression percentage, as~~
 14 ~~determined under Section 42.2516, multiplied by the maintenance and~~
 15 ~~operations tax rate adopted by the district for the 2005 tax year~~];
 16 and

17 "MCR" is the district's [~~state~~] maximum compressed tax rate,
 18 as determined under Section 48.2551 [~~which is the product of the~~
 19 ~~state compression percentage, as determined under Section 42.2516,~~
 20 ~~multiplied by \$1.50~~].

21 [~~(a-1) Notwithstanding Subsection (a), for a school~~
 22 ~~district that adopted a maintenance and operations tax rate for the~~
 23 ~~2005 tax year below the maximum rate permitted by law for that year,~~
 24 ~~the district's compressed tax rate ("DCR") includes the portion of~~
 25 ~~the district's current maintenance and operations tax rate in~~
 26 ~~excess of the first six cents above the district's compressed tax~~
 27 ~~rate, as defined by Subsection (a), until the district's compressed~~

~~tax rate computed in accordance with this subsection is equal to the state maximum compressed tax rate ("MCR").]~~

(b) A greater amount for any school year may be provided by appropriation.

(c) During any school year for which the maximum amount of the basic allotment provided under Subsection (a) or (b) is greater than the maximum amount provided for the preceding school year, a school district must use at least 30 percent of the amount, if the amount is greater than zero, that equals the product of the average daily attendance of the district multiplied by the amount of the difference between the district's funding under this chapter per student in average daily attendance for the current school year and the preceding school year to provide compensation increases to full-time district employees other than administrators as follows:

(1) 75 percent must be used to increase the compensation paid to classroom teachers, full-time librarians, full-time school counselors certified under Subchapter B, Chapter 21, and full-time school nurses, prioritizing differentiated compensation for classroom teachers with more than five years of experience; and

(2) 25 percent may be used as determined by the district to increase compensation paid to full-time district employees ~~[This subsection applies to a school district for which the compressed tax rate ("DCR") is determined in accordance with Subsection (a-1). Any reduction in the district's adopted maintenance and operations tax rate is applied to the following components of the district's tax rate in the order specified.]~~

1 ~~[(1) tax effort described by Section 42.302(a-1)(2),~~
 2 ~~[(2) tax effort described by Section 42.302(a-1)(1),~~
 3 ~~and~~
 4 ~~[(3) tax effort included in the determination of the~~
 5 ~~district's compressed tax rate ("DCR") under Subsection (a-1)].~~

6 SECTION 1A.006. Effective September 1, 2020, Section
 7 42.2516, Education Code, is transferred to Subchapter F, Chapter
 8 48, Education Code, as added by this Act, redesignated as Section
 9 48.255, Education Code, and amended to read as follows:

10 Sec. 48.255 ~~[42.2516]~~. STATE COMPRESSION PERCENTAGE. (a)
 11 In this title, "state compression percentage" means the percentage
 12 of the rate of \$1.00 per \$100 valuation of taxable property that is
 13 used to determine a school district's maximum compressed ~~[adopted~~
 14 ~~maintenance and operations]~~ tax rate under Section 48.2551.

15 (b) The ~~[for the 2005 tax year that serves as the basis for~~
 16 ~~state funding. If the]~~ state compression percentage is the lower
 17 of:

18 (1) 93 percent, or a lower percentage set ~~[not~~
 19 ~~established]~~ by appropriation for a school year;

20 (2) the percentage determined by the following
 21 formula:

$$\text{SCP} = \text{PYCP} \times 1.025 / (1 + \text{ECPV}); \text{ or}$$

23 (3) the percentage determined under this section for
 24 the preceding school year.

25 (c) For purposes of Subsection (b)(2):

26 (1) "SCP" is the state compression percentage;

27 (2) "PYCP" is the state compression percentage for the

1 preceding school year; and

2 (3) "ECPV" is the estimated percentage change in total
3 taxable property value for the applicable tax year as determined
4 based on the estimate submitted to the legislature under Section
5 48.269. [~~, the commissioner shall determine the state compression~~
6 ~~percentage for each school year based on the percentage by which a~~
7 ~~district is able to reduce the district's maintenance and~~
8 ~~operations tax rate for that year, as compared to the district's~~
9 ~~adopted maintenance and operations tax rate for the 2005 tax year,~~
10 ~~as a result of state funds appropriated for that year from the~~
11 ~~property tax relief fund established under Section 403.109,~~
12 ~~Government Code, or from another funding source available for~~
13 ~~school district property tax relief.~~

14 ~~[(g) The commissioner may adopt rules necessary to~~
15 ~~implement this section.~~

16 ~~[(h) A determination by the commissioner under this section~~
17 ~~is final and may not be appealed.]~~

18 SECTION 1A.007. Effective September 1, 2020, Subchapter F,
19 Chapter 48, Education Code, as added by this Act, is amended by
20 adding Sections 48.2551, 48.2552, 48.2553, and 48.2554 to read as
21 follows:

22 Sec. 48.2551. MAXIMUM COMPRESSED TAX RATE. (a) In this
23 section:

24 (1) "DPV" has the meaning assigned by Section 48.256;
25 (2) "E" is the expiration of the exclusion of
26 appraised property value for the preceding tax year that is
27 recognized as taxable property value for the current tax year,

which is the sum of the following:

(A) property value that is no longer subject to a limitation on appraised value under Chapter 313, Tax Code; and

(B) property value under Section 311.013(n), Tax Code, that is no longer excluded from the calculation of "DPV" from the preceding year because of refinancing or renewal after September 1, 2019;

(3) "MCR" is the district's maximum compressed rate, which is the tax rate for the current tax year per \$100 of valuation of taxable property at which the district must levy a maintenance and operations tax to receive the full amount of the tier one allotment to which the district is entitled under this chapter;

(4) "PYDPV" is the district's value of "DPV" for the preceding tax year; and

(5) "PYMCR" is the district's value of "MCR" for the preceding tax year.

(b) Except as provided by Subsection (c), a district's maximum compressed rate ("MCR") is the lesser of:

(1) the rate determined by the following applicable formula:

(A) if "DPV" exceeds "PYDPV" by an amount equal to or greater than 2.5 percent:

$MCR = (1.025((PYDPV + E) \times PYMCR)) / DPV$; or

(B) if Paragraph (A) does not apply:

$MCR = PYMCR$; or

(2) the product of the state compression percentage, as determined under Section 48.255, for the current tax year,

1 multiplied by \$1.00.

2 (c) Notwithstanding Subsection (b), for a district to which
3 Section 48.2552(b) applies, the district's maximum compressed rate
4 is the value calculated for "MCR" under Subsection (b)(1)(B).

5 (c-1) For purposes of determining a district's maximum
6 compressed rate ("MCR") under Subsection (b) for the 2020-2021
7 school year, the value of "PYMCR" is \$1.00. This subsection expires
8 September 1, 2021.

9 (d) The agency shall calculate and make available school
10 districts' maximum compressed rates, as determined under this
11 section.

12 (e) It is the intent of the legislature that the state
13 continue to fund public schools at the same or similar level as the
14 state would have if this section had not taken effect.

15 Sec. 48.2552. LIMITATION ON MAXIMUM COMPRESSED RATE. (a)
16 Each year, the agency shall evaluate the difference between school
17 districts' maximum compressed rates, as determined under Section
18 48.2551.

19 (b) If a school district has a maximum compressed rate that
20 is less than 90 percent of another school district's maximum
21 compressed rate, the district's maximum compressed rate is
22 calculated under Section 48.2551(c) until the agency determines
23 that the difference between the district's and another district's
24 maximum compressed rates is not more than 10 percent.

25 (c) The amount of revenue available to the state as a result
26 of the differences in the amount of state aid and reduction in local
27 revenue between calculating a district's maximum compressed rate in

1 accordance with Subsection (b) and calculating the district's
2 maximum compressed rate under Section 48.2551 shall be used to
3 lower the state compression percentage under Section 48.255. The
4 agency shall provide estimates to the legislature of the reduction
5 of the state compression percentage based on this subsection.

6 Sec. 48.2553. PERMITTED TAX RATE FOR MAINTENANCE OF
7 2020-2021 SCHOOL YEAR BASIC ALLOTMENT. (a) Notwithstanding any
8 other provision of this title or Chapter 26, Tax Code, if the
9 maximum amount of the basic allotment provided under Section
10 48.051(a) or (b) for a school year is less than the maximum amount
11 provided for the 2020-2021 school year, subject to Subsection (b),
12 a school district may adopt a maintenance and operations tax rate
13 that exceeds the maximum compressed tax rate permitted under
14 Section 48.2551, provided that:

15 (1) the rate adopted by the district was previously
16 approved by voters for a tax year subsequent to the 2005 tax year;
17 and

18 (2) the rate may not exceed the lesser of:

19 (A) \$1.17; or

20 (B) the district's maximum compressed tax rate
21 and the additional tax rate necessary to generate the amount of
22 revenue equal to the difference in per student funding.

23 (b) Before adopting a maintenance and operations tax rate
24 under Subsection (a), a school district must receive approval from
25 the agency. To receive approval from the agency under this
26 subsection the district must submit the following information:

27 (1) a statement detailing the loss of funding to the

1 district that resulted from the decline in the maximum amount of the
2 basic allotment provided under Section 48.051(a) or (b);

3 (2) the proposed additional tax effort and the amount
4 of funding the proposed additional tax effort will generate;

5 (3) evidence that the proposed additional tax effort
6 described by Subdivision (2) had been previously authorized by
7 voters subsequent to the 2005 tax year; and

8 (4) any other information required by the
9 commissioner.

10 (c) The agency's approval of a district's tax rate under
11 Subsection (b) expires at the end of each tax year.

12 (d) Any additional tax effort by a school district
13 authorized under this section is not:

14 (1) eligible for funding under Subchapter B, C, or D;

15 (2) eligible for the guaranteed yield amount of state
16 funds under Section 48.202; or

17 (3) subject to the limit on local revenue under
18 Section 48.257.

19 (e) The commissioner shall reduce state aid or adjust the
20 limit on local revenue under Section 48.257 in an amount equal to
21 the amount of revenue generated by a school district's tax effort
22 that is not in compliance with this section or Section 48.2551.

23 (f) This section does not apply to a school district to
24 which Section 45.003(f) applies.

25 Sec. 48.2554. STUDY ON DISTRICT PROPERTY TAX COMPRESSION.

26 (a) The Legislative Budget Board, in conjunction with other
27 appropriate state agencies, shall study possible methods of

providing property tax relief through the reduction of school district maintenance and operations taxes. The study must evaluate:

(1) potential sources of revenue that may be used to reduce school district maintenance and operations taxes;

(2) methods of limiting increases in maintenance and operations tax revenue that adjust for enrollment growth, inflation, and other relevant factors; and

(3) for each method of providing property tax relief considered:

(A) any difference in anticipated benefits to property taxpayers based on the school district in which the taxpayer resides;

(B) the cost to the state; and

(C) the anticipated impact on equity in the public school finance system.

(b) Not later than September 1, 2020, the Legislative Budget Board shall submit to the governor, the lieutenant governor, and the speaker of the house of representatives a report on the results of the study and any recommendations for legislative or other action.

(c) This section expires September 1, 2021.

SECTION 1A.008. Effective January 1, 2020, Section 26.08(n), Tax Code, is amended to read as follows:

(n) For purposes of this section, the rollback tax rate of a school district ~~[whose maintenance and operations tax rate for the 2005 tax year was \$1.50 or less per \$100 of taxable value]~~ is the sum

of the following:

~~(1) [for the 2006 tax year, the sum of the rate that is equal to 88.67 percent of the maintenance and operations tax rate adopted by the district for the 2005 tax year, the rate of \$0.04 per \$100 of taxable value, and the district's current debt rate; and~~

~~[(2) for the 2007 and subsequent tax years, the lesser of the following:~~

~~[(A) the sum of the following:~~

~~[(i)] the rate per \$100 of taxable value that is equal to the district's maximum compressed tax rate [product of the state compression percentage], as determined under Section 48.2551 [42.2516], Education Code, for the current year [and \$1.50];~~

(2) the greater of:

(A) the district's enrichment tax rate for the preceding tax year, less any amount by which the district is required to reduce the district's enrichment tax rate under Section 48.202(f), Education Code, in the current tax year; or

(B) [(ii)] the rate of \$0.04 per \$100 of taxable value; and

~~(3) [(iii)] the rate that is equal to the sum of the differences for the 2006 and each subsequent tax year between the adopted tax rate of the district for that year if the rate was approved at an election under this section and the rollback tax rate of the district for that year; and~~

~~[(iv)] the district's current debt rate[~~

~~or~~

1 ~~[(B) the sum of the following:~~

2 ~~[(i) the effective maintenance and~~
3 ~~operations tax rate of the district as computed under Subsection~~
4 ~~(i) or (k), as applicable,~~

5 ~~[(ii) the rate per \$100 of taxable value~~
6 ~~that is equal to the product of the state compression percentage, as~~
7 ~~determined under Section 42.2516, Education Code, for the current~~
8 ~~year and \$0.06; and~~

9 ~~[(iii) the district's current debt rate].~~

10 ARTICLE 2. PUBLIC EDUCATION

11 SECTION 2.001. Section 7.028(a), Education Code, is amended
12 to read as follows:

13 (a) Except as provided by Section 21.006(k), 22.093(l),
14 22.096, 29.001(5), 29.010(a), or 39.057, the agency may monitor
15 compliance with requirements applicable to a process or program
16 provided by a school district, campus, program, or school granted
17 charters under Chapter 12, including the process described by
18 Subchapter F, Chapter 11, or a program described by Subchapter B, C,
19 D, E, F, H, or I, Chapter 29, Subchapter A, Chapter 37, or Section
20 38.003, ~~[and the use of funds provided for such a program under~~
21 ~~Subchapter C, Chapter 42,~~] only as necessary to ensure:

22 (1) compliance with federal law and regulations;
23 (2) financial accountability, including compliance
24 with grant requirements; ~~[and]~~

25 (3) data integrity for purposes of:
26 (A) the Public Education Information Management
27 System (PEIMS); and

(B) accountability under Chapters 39 and 39A; and

(4) qualification for funding under Chapter 48.

SECTION 2.002. Subchapter C, Chapter 7, Education Code, is amended by adding Section 7.070 to read as follows:

Sec. 7.070. COORDINATION OF DATA COLLECTION. The commissioner may enter into agreements with appropriate entities as necessary to provide for the collection of data regarding college, career, and military readiness of public school students, including data maintained by:

(1) governmental agencies of the United States, this state, or another state;

(2) political subdivisions of this state or another state;

(3) public or private institutions of higher education; and

(4) relevant private organizations.

SECTION 2.003. Subchapter D, Chapter 11, Education Code, is amended by adding Sections 11.185 and 11.186 to read as follows:

Sec. 11.185. EARLY CHILDHOOD LITERACY AND MATHEMATICS PROFICIENCY PLANS. (a) The board of trustees of each school district shall adopt and post on the district's Internet website early childhood literacy and mathematics proficiency plans that set specific annual goals for the following five school years to reach quantifiable goals for student performance in reading and mathematics at each campus.

(b) Each plan adopted under Subsection (a) must:

(1) identify annual goals for students in each group

1 evaluated under the closing the gaps domain under Section
2 39.053(c)(3);

3 (2) include annual goals for aggregate student growth
4 on the third grade reading or mathematics assessment instrument, as
5 applicable, administered under Section 39.023 or on an alternative
6 assessment instrument determined by the board of trustees;

7 (3) provide for targeted professional development for
8 classroom teachers in kindergarten or first, second, or third grade
9 who are assigned to campuses that the board of trustees identifies
10 as not meeting the plan's goals;

11 (4) assign at least one district-level administrator
12 or employee of the regional education service center for the
13 district's region to:

14 (A) coordinate implementation of the plan; and

15 (B) submit an annual report to the board of
16 trustees on the district's progress toward the goals set under the
17 plan; and

18 (5) be reviewed annually by the board of trustees at a
19 public meeting.

20 (c) Each plan adopted under Subsection (a) may set separate
21 goals for students in a bilingual education or special language
22 program under Subchapter B, Chapter 29.

23 (d) The professional development provided to classroom
24 teachers under Subsection (b)(3) must, as appropriate, consider the
25 unique needs of students in a bilingual education or special
26 language program under Subchapter B, Chapter 29.

27 (e) A school district shall post the annual report described

1 by Subsection (b)(4)(B) on the district's Internet website and on
2 the Internet website, if any, of each campus in the district.

3 Sec. 11.186. COLLEGE, CAREER, AND MILITARY READINESS PLANS.

4 (a) The board of trustees of each school district shall adopt
5 college, career, and military readiness plans that set specific
6 annual goals for the following five school years to reach
7 quantifiable goals for measures of student college, career, and
8 military readiness at each campus.

9 (b) Each plan adopted under Subsection (a) must:

10 (1) identify annual goals for students in each group
11 evaluated under the closing the gaps domain under Section
12 39.053(c)(3);

13 (2) include annual goals for aggregate student growth
14 on college, career, and military readiness indicators evaluated
15 under the student achievement domain under Section 39.053(c)(1);

16 (3) assign at least one district-level administrator
17 or employee of the regional education service center for the
18 district's region to:

19 (A) coordinate implementation of the plan; and

20 (B) submit an annual report to the board of
21 trustees on the district's progress toward the goals set under the
22 plan; and

23 (4) be reviewed annually by the board of trustees at a
24 public meeting.

25 (c) A school district shall post the annual report described
26 by Subsection (b)(3)(B) on the district's Internet website and on
27 the Internet website, if any, of each campus in the district.

SECTION 2.004. Section 12.104(b), Education Code, as amended by Chapters 324 (S.B. 1488), 522 (S.B. 179), and 735 (S.B. 1153), Acts of the 85th Legislature, Regular Session, 2017, is reenacted and amended to read as follows:

(b) An open-enrollment charter school is subject to:

(1) a provision of this title establishing a criminal offense;

(2) the provisions in Chapter 554, Government Code;
and

(3) [~~(2)~~] a prohibition, restriction, or requirement, as applicable, imposed by this title or a rule adopted under this title, relating to:

(A) the Public Education Information Management System (PEIMS) to the extent necessary to monitor compliance with this subchapter as determined by the commissioner;

(B) criminal history records under Subchapter C, Chapter 22;

(C) reading instruments and accelerated reading instruction programs under Section 28.006;

(D) accelerated instruction under Section 28.0211;

(E) high school graduation requirements under Section 28.025;

(F) special education programs under Subchapter A, Chapter 29;

(G) bilingual education under Subchapter B, Chapter 29;

(H) prekindergarten programs under Subchapter E or E-1, Chapter 29;

(I) extracurricular activities under Section 33.081;

(J) discipline management practices or behavior management techniques under Section 37.0021;

(K) health and safety under Chapter 38;

(L) public school accountability under Subchapters B, C, D, F, G, and J, Chapter 39, and Chapter 39A;

(M) the requirement under Section 21.006 to report an educator's misconduct;

(N) intensive programs of instruction under Section 28.0213;

(O) the right of a school employee to report a crime, as provided by Section 37.148; ~~and~~

(P) bullying prevention policies and procedures under Section 37.0832;

(Q) the right of a school under Section 37.0052 to place a student who has engaged in certain bullying behavior in a disciplinary alternative education program or to expel the student; ~~and~~

(R) the right under Section 37.0151 to report to local law enforcement certain conduct constituting assault or harassment;

(S) ~~(P)~~ a parent's right to information regarding the provision of assistance for learning difficulties to the parent's child as provided by Sections 26.004(b)(11) and

26.0081(c) and (d);

(T) the early childhood literacy and mathematics proficiency plans under Section 11.185; and

(U) the college, career, and military readiness plans under Section 11.186.

SECTION 2.005. Section 21.048, Education Code, is amended by adding Subsection (a-2) to read as follows:

(a-2) The board shall adopt rules that provide that in order to teach any grade level from prekindergarten through grade six a person must demonstrate proficiency in the science of teaching reading on a certification examination for each class of certificate issued by the board after January 1, 2021.

SECTION 2.006. Subchapter B, Chapter 21, Education Code, is amended by adding Sections 21.063 and 21.064 to read as follows:

Sec. 21.063. TEACHER DESIGNATIONS ON CERTIFICATE. The board shall place on or remove from a teacher's certificate the appropriate designation issued to the teacher under Section 21.3521:

(1) after being notified by the agency of the issuance or removal of the designation; or

(2) if the board determines that removal of the designation is necessary because of action taken against the teacher's certificate.

Sec. 21.064. LEGACY MASTER TEACHER CERTIFICATIONS. (a) The board shall recognize a master teacher certificate issued under former Section 21.0481, 21.0482, 21.0483, or 21.0484 until the certificate expires. The board shall note a designation of

1 "legacy" on the certificate.

2 (b) A master teacher certificate described by Subsection
3 (a) is not eligible for funding under the teacher incentive
4 allotment under Section 48.112.

5 SECTION 2.007. Section 21.352(c), Education Code, is
6 amended to read as follows:

7 (c) Except as otherwise provided by this subsection,
8 appraisal must be done at least once for ~~during~~ each school year.
9 A teacher may be appraised less frequently if the teacher agrees in
10 writing and the teacher's most recent evaluation rated the teacher
11 as at least proficient, or the equivalent, and did not identify any
12 area of deficiency. A teacher who is appraised less frequently than
13 annually must be appraised at least once during each period of five
14 school years. The district shall maintain a written copy of the
15 evaluation of each teacher's performance in the teacher's personnel
16 file. Each teacher is entitled to receive a written copy of the
17 evaluation promptly on its completion. After receiving a written
18 copy of the evaluation, a teacher is entitled to a second appraisal
19 by a different appraiser or to submit a written rebuttal to the
20 evaluation to be attached to the evaluation in the teacher's
21 personnel file. The evaluation and any rebuttal may be given to
22 another school district at which the teacher has applied for
23 employment at the request of that district.

24 SECTION 2.008. Subchapter H, Chapter 21, Education Code, is
25 amended by adding Section 21.3521 to read as follows:

26 Sec. 21.3521. LOCAL OPTIONAL TEACHER DESIGNATION SYSTEM.
27 (a) Subject to Subsection (b), a school district or open-enrollment

1 charter school may designate a certified classroom teacher as a
2 master, exemplary, or recognized teacher for a five-year period
3 based on the results from single year or multiyear appraisals that
4 comply with Section 21.351 or 21.352.

5 (b) The commissioner shall establish performance and
6 validity standards for each local optional teacher designation
7 system. The performance standards:

8 (1) must provide a mathematical possibility that all
9 teachers eligible for a designation may earn the designation; and

10 (2) may not require a district to use an assessment
11 instrument adopted under Section 39.023 to evaluate teacher
12 performance.

13 (c) Notwithstanding performance standards established
14 under Subsection (b), a classroom teacher that holds a National
15 Board Certification issued by the National Board for Professional
16 Teaching Standards may be designated as recognized.

17 (d) The commissioner shall:

18 (1) ensure that local optional teacher designation
19 systems:

20 (A) meet the requirements of this section; and

21 (B) prioritize high needs campuses; and

22 (2) enter into a memorandum of understanding with
23 Texas Tech University to monitor the quality and fairness of local
24 optional teacher designation systems.

25 (e) The agency shall develop and provide technical
26 assistance for school districts and open-enrollment charter
27 schools that request assistance in implementing a local optional

1 teacher designation system, including assistance in prioritizing
2 high needs campuses.

3 (f) A teacher has no vested property right in a teacher
4 designation assigned to the teacher under this section. A teacher
5 designation issued under this section is void in the determination
6 that the designation was issued improperly. Subchapters C through
7 H, Chapter 2001, Government Code, do not apply to the voiding of a
8 teacher designation under this subsection.

9 (g) The agency shall periodically conduct evaluations of
10 the effectiveness of the local optional teacher designation systems
11 under this section and the teacher incentive allotment under
12 Section 48.112 and report the results of the evaluations to the
13 legislature. A school district or open-enrollment charter school
14 that has implemented a local optional teacher designation system or
15 received funds under the teacher incentive allotment shall
16 participate in the evaluations.

17 (h) The agency shall collect information necessary to
18 implement this section. Information otherwise confidential remains
19 confidential and is not subject to Chapter 552, Government Code.

20 (i) The commissioner may adopt fees to implement this
21 section. A fee adopted by the agency under this section is not
22 subject to Sections 2001.0045 and 2001.0221, Government Code.

23 (j) The commissioner may adopt rules to implement this
24 section. A decision made by the commissioner under this section is
25 final and may not be appealed.

26 SECTION 2.009. Section 21.458, Education Code, is amended
27 by adding Subsections (a-1), (b-1), (f), (f-1), and (g) and

amending Subsections (b) and (d) to read as follows:

(a-1) To be assigned as a mentor, a teacher must agree to serve as a mentor teacher for at least one school year. The assignment must begin not later than the 30th day of employment of the classroom teacher to whom the mentor teacher is assigned. A district must agree to assign a mentor to a new classroom teacher for at least two school years.

(b) The commissioner shall adopt rules necessary to administer this section, including rules concerning the duties and qualifications of a teacher who serves as a mentor and the number of classroom teachers that may be assigned to a mentor. The rules concerning qualifications must require that to serve as a mentor a teacher must:

(1) complete a research-based mentor and induction training program approved by the commissioner;

(2) complete a mentor training program provided by the district; ~~and~~

(3) have at least three complete years of teaching experience with a superior record of assisting students, as a whole, in achieving improvement in student performance; and

(4) demonstrate interpersonal skills, instructional effectiveness, and leadership skills.

(b-1) A school district must provide training to mentor teachers and any appropriate district and campus employees who work with the classroom teacher or supervise the classroom teacher. The training must be completed by the mentor teacher and the district and campus employees before the beginning of the school year. The

1 district shall also provide supplemental training to mentor
2 teachers and employees during the school year. The training must
3 include content related to best mentorship practices.

4 (d) In adopting rules under this section [~~Subsection (c)~~],
5 the commissioner shall rely on research-based mentoring programs
6 that, through external evaluation, have demonstrated success.

7 (f) A mentor teacher must meet with each classroom teacher
8 assigned to the mentor not less than 12 hours each semester.
9 Observations of the mentor by the classroom teacher being mentored
10 or of the classroom teacher being mentored by the mentor may count
11 toward the 12 hours of meeting time required for the semester.
12 Except as provided by Subsection (f-1), the mentoring sessions must
13 address the following topics:

14 (1) orientation to the context, policies, and
15 practices of the school district;

16 (2) data-driven instructional practices;

17 (3) specific instructional coaching cycles, including
18 coaching regarding conferences between parents and the classroom
19 teacher;

20 (4) professional development; and

21 (5) professional expectations.

22 (f-1) Subject to approval by the agency, in determining the
23 topics to be addressed in the mentoring sessions, a school district
24 may create an appropriate curriculum that meets the district needs.

25 (g) A school district must:

26 (1) designate a specific time during the regularly
27 contracted school day for meetings between mentor teachers and

1 classroom teachers assigned to a mentor; and

2 (2) schedule release time or a reduced teaching load
3 for mentor teachers and classroom teachers under this section to
4 facilitate mentoring activities, including classroom observations
5 or participation in supportive coaching.

6 SECTION 2.010. Subchapter J, Chapter 21, Education Code, is
7 amended by adding Section 21.465 to read as follows:

8 Sec. 21.465. AUTISM TRAINING. (a) A school district may
9 provide a salary incentive or similar compensation to a teacher who
10 completes training provided by a regional education service center
11 relating to autism.

12 (b) A school district that decides to provide an incentive
13 or compensation under Subsection (a) shall adopt a policy to
14 implement this section.

15 SECTION 2.011. Effective September 1, 2020, Section 25.085,
16 Education Code, is amended by adding Subsection (i) to read as
17 follows:

18 (i) Notwithstanding any other provision of this section, a
19 student enrolled in a school district is not required to attend
20 school for any additional instructional days described by Section
21 48.0051.

22 SECTION 2.012. Section 28.006, Education Code, is amended
23 by amending Subsections (b), (c), (d), and (f) and adding
24 Subsections (b-1), (c-2), (c-3), and (l) to read as follows:

25 (b) The commissioner shall adopt a list of reading
26 instruments that a school district may use to diagnose student
27 reading development and comprehension. For use in diagnosing the

1 reading development and comprehension of kindergarten students,
2 the commissioner shall adopt a [~~include on the commissioner's list~~
3 ~~at least two~~] multidimensional assessment tool that includes
4 [~~tools. A multidimensional assessment tool on the commissioner's~~
5 ~~list must either include~~] a reading instrument and tests [~~test~~] at
6 least three developmental skills, including literacy[, ~~or test at~~
7 ~~least two developmental skills, other than literacy, and be~~
8 ~~administered in conjunction with a separate reading instrument that~~
9 ~~is on a list adopted under this subsection~~]. A multidimensional
10 assessment tool administered as provided by this subsection is
11 considered to be a reading instrument for purposes of this section.
12 A district-level committee established under Subchapter F, Chapter
13 11, may adopt a list of reading instruments for use in the district
14 in a grade level other than kindergarten in addition to the reading
15 instruments on the commissioner's list. Each reading instrument
16 adopted by the commissioner or a district-level committee must be
17 based on scientific research concerning reading skills development
18 and reading comprehension. A list of reading instruments adopted
19 under this subsection must provide for diagnosing the reading
20 development and comprehension of students participating in a
21 program under Subchapter B, Chapter 29.

22 (b-1) The commissioner may approve an alternative reading
23 instrument for use in diagnosing the reading development and
24 comprehension of kindergarten students that complies with the
25 requirements under Subsection (b).

26 (c) Each school district shall administer, at the
27 [~~kindergarten and~~] first and second grade levels, a reading

1 instrument on the list adopted by the commissioner or by the
2 district-level committee. The district shall administer the
3 reading instrument in accordance with the commissioner's
4 recommendations under Subsection (a)(1).

5 (c-2) Each school district shall administer at the
6 kindergarten level a reading instrument adopted by the commissioner
7 under Subsection (b) or approved by the commissioner under
8 Subsection (b-1). The district shall administer the reading
9 instrument in accordance with the commissioner's recommendations
10 under Subsection (a)(1).

11 (c-3) The commissioner by rule shall determine the
12 performance on the reading instrument adopted under Subsection (b)
13 that indicates kindergarten readiness.

14 (d) The superintendent of each school district shall:

15 (1) report to the commissioner and the board of
16 trustees of the district the results of the reading instruments;

17 (2) not later than the 60th calendar day after the date
18 on which a reading instrument was administered report, in writing,
19 to a student's parent or guardian the student's results on the
20 ~~[reading]~~ instrument; and

21 (3) using the school readiness certification system
22 provided to the school district in accordance with Section
23 29.161(e), report electronically each student's raw score on the
24 reading instrument to the agency for use in the school readiness
25 certification system.

26 (f) The agency shall ensure at least one reading instrument
27 for each grade level for which a reading instrument is required to

be administered under this section is available to school districts at no cost. [This section may be implemented only if funds are appropriated for administering the reading instruments. Funds, other than local funds, may be used to pay the cost of administering a reading instrument only if the instrument is on the list adopted by the commissioner.]

(1) The commissioner may adopt rules as necessary to implement this section. Section 2001.0045, Government Code, does not apply to rules adopted under this subsection.

SECTION 2.013. Subchapter A, Chapter 28, Education Code, is amended by adding Section 28.0062 to read as follows:

Sec. 28.0062. READING STANDARDS FOR KINDERGARTEN THROUGH THIRD GRADE. (a) Each school district and open-enrollment charter school shall:

(1) provide for the use of a phonics curriculum that uses systematic direct instruction in kindergarten through third grade to ensure all students obtain necessary early literacy skills;

(2) ensure that:

(A) not later than the 2021-2022 school year, each classroom teacher in kindergarten or first, second, or third grade and each principal at a campus with kindergarten or first, second, or third grade has attended a teacher literacy achievement academy developed under Section 21.4552; and

(B) each classroom teacher and each principal initially employed in a grade level or at a campus described by Paragraph (A) for the 2021-2022 school year or a subsequent school

1 year has attended a teacher literacy achievement academy developed under Section 21.4552 before the teacher's or principal's first year of placement in that grade level or campus; and

(3) certify to the agency that the district or school:

(A) prioritizes placement of highly effective teachers in kindergarten through second grade; and

(B) has integrated reading instruments used to diagnose reading development and comprehension to support each student in prekindergarten through third grade.

(b) The agency shall provide assistance to school districts and open-enrollment charter schools in complying with the requirements under this section.

(c) The agency shall:

(1) monitor the implementation of this section; and

(2) periodically report to the legislature on the implementation of this section and the effectiveness of this section in improving educational outcomes.

(d) The commissioner shall establish an advisory board to assist the agency in fulfilling the agency's duties under this section. Chapter 2110, Government Code, does not apply to the advisory board.

(e) The commissioner may adopt rules to implement this section.

SECTION 2.014. Section 28.025(c), Education Code, is amended to read as follows:

(c) A person may receive a diploma if the person is eligible for a diploma under Section 28.0251. In other cases, a student may

graduate and receive a diploma only if:

(1) the student successfully completes the curriculum requirements identified by the State Board of Education under Subsection (a) and complies with Sections 28.0256 and [Section] 39.025; or

(2) the student successfully completes an individualized education program developed under Section 29.005.

SECTION 2.015. Subchapter B, Chapter 28, Education Code, is amended by adding Section 28.0256 to read as follows:

Sec. 28.0256. FINANCIAL AID APPLICATION REQUIREMENT FOR HIGH SCHOOL GRADUATION. (a) Before graduating from high school, each student must complete and submit a free application for federal student aid (FAFSA) or a Texas application for state financial aid (TASFA).

(b) A student is not required to comply with Subsection (a) if:

(1) the student's parent or other person standing in parental relation submits a signed form indicating that the parent or other person authorizes the student to decline to complete and submit the financial aid application;

(2) the student signs and submits the form described by Subdivision (1) on the student's own behalf if the student is 18 years of age or older or the student's disabilities of minority have been removed for general purposes under Chapter 31, Family Code; or

(3) a school counselor authorizes the student to decline to complete and submit the financial aid application for good cause, as determined by the school counselor.

1 (c) A school district or open-enrollment charter school
2 shall adopt a form to be used for purposes of Subsection (b). The
3 form must be:

- 4 (1) approved by the agency; and
5 (2) made available in English, Spanish, and any other
6 language spoken by a majority of the students enrolled in a
7 bilingual education or special language program under Subchapter B,
8 Chapter 29, in the district or school.

9 (d) If a school counselor notifies a school district whether
10 a student has complied with this section for purposes of
11 determining whether the student meets high school graduation
12 requirements under Section 28.025, the school counselor may only
13 indicate whether the student has complied with this section and may
14 not indicate the manner in which the student complied.

15 (e) The commissioner shall adopt rules as necessary to
16 implement this section, including rules to:

- 17 (1) establish:
18 (A) a timeline for:
19 (i) the distribution to students of the
20 free application for federal student aid or Texas application for
21 state financial aid and the form adopted under Subsection (c); and
22 (ii) the submission of a form under
23 Subsection (b);
24 (B) standards regarding the information that a
25 school district or open-enrollment charter school must provide to
26 students regarding:

- 27 (i) in accordance with Section

1 33.007(b)(5), instructions for filling out the free application for
2 federal student aid or Texas application for state financial aid;
3 and

4 (ii) the options available to a student
5 under Subsection (b) if the student wishes to decline to complete
6 and submit a financial aid application; and

7 (C) the method by which a student must provide to
8 a school district or open-enrollment charter school proof that the
9 student has completed and submitted the free application for
10 federal student aid or Texas application for state financial aid as
11 required by this section;

12 (2) require each school district to report to the
13 agency:

14 (A) the number of students who completed and
15 submitted a financial aid application under Subsection (a); and

16 (B) the number of students who received an
17 exception from complying with Subsection (a) under Subsection (b);
18 and

19 (3) ensure compliance with federal law regarding
20 confidentiality of student educational information, including the
21 Family Educational Rights and Privacy Act of 1974 (20 U.S.C.
22 Section 1232g), and any state law relating to the privacy of student
23 information.

24 (f) The agency shall establish an advisory committee to
25 assist the agency in adopting rules under Subsection (e) to
26 implement this section and to develop recommendations for that
27 purpose. The advisory committee is composed of:

1 (1) school counselors;
2 (2) school administrators; and
3 (3) stakeholders to represent the needs of interested
4 students.

5 (g) Not later than January 1, 2021, the agency shall report
6 the advisory committee's recommendations to the standing committee
7 of each house of the legislature with jurisdiction over public
8 education. Subsection (f) and this subsection expire January 1,
9 2023.

10 SECTION 2.016. Subchapter B, Chapter 29, Education Code, is
11 amended by adding Section 29.065 to read as follows:

12 Sec. 29.065. ASSISTANCE BY AGENCY. The agency shall
13 develop tools to assist school districts and open-enrollment
14 charter schools in implementing bilingual education and special
15 language programs under this chapter.

16 SECTION 2.017. Section 29.122, Education Code, is amended
17 to read as follows:

18 Sec. 29.122. ESTABLISHMENT. (a) Using criteria established
19 by the State Board of Education, each school district shall adopt a
20 process for identifying and serving gifted and talented students in
21 the district and shall establish a program for those students in
22 each grade level. A district may establish a shared services
23 arrangement program with one or more other districts.

24 (b) Each school district shall adopt a policy regarding the
25 use of funds to support the district's program for gifted and
26 talented students.

27 SECTION 2.018. Subchapter D, Chapter 29, Education Code, is

1 amended by adding Section 29.124 to read as follows:

2 Sec. 29.124. CERTIFICATION AND REPORTING REQUIRED. (a)
3 Each school district shall annually certify to the commissioner
4 that the district has established a program for gifted and talented
5 students as required by this subchapter and that the program is
6 consistent with the state plan developed under Section 29.123.

7 (b) If the commissioner determines that a school district
8 has failed to comply with Subsection (a) for a school year, the
9 commissioner shall reduce the total amount of funding to which the
10 district is entitled under Chapter 48 for that school year by an
11 amount equal to the basic allotment multiplied by the product of:

12 (1) 0.12; and

13 (2) an amount equal to five percent of the students in
14 average daily attendance in the district.

15 (c) The commissioner may restore to a school district all or
16 part of the funding withheld from the district's entitlement under
17 Subsection (b) if during the school year the district complies with
18 Subsection (a).

19 (d) At the same time that a school district makes the
20 certification required under Subsection (a), the district shall
21 report to the commissioner regarding the use of funds on the
22 district's program for gifted and talented students as provided by
23 State Board of Education rule.

24 (e) Nothing in this section may be construed as limiting the
25 number of students that a school district may identify as gifted and
26 talented or serve under the district's program for gifted and
27 talented students.

1 SECTION 2.019. Section 29.153, Education Code, is amended
2 by amending Subsections (c) and (d) and adding Subsections (c-1),
3 (d-1), (d-2), and (g) to read as follows:

4 (c) A prekindergarten class under this section may [~~shall~~]
5 be operated on a half-day basis for children under four years of age
6 and shall be operated on a full-day basis for children who are at
7 least four years of age. A district is not required to provide
8 transportation for a prekindergarten class, but transportation, if
9 provided, is included for funding purposes as part of the regular
10 transportation system.

11 (c-1) A prekindergarten class under this section for
12 children who are least four years of age must comply with the
13 program standards required for high quality prekindergarten
14 programs under Subchapter E-1.

15 (d) Subject to Subsections (d-1) and (d-2), on [~~On~~]
16 application of a district, the commissioner shall [~~may~~] exempt a
17 district from the application of all or any part of this section,
18 including all or any part of Subchapter E-1 for a prekindergarten
19 class described by Subsection (c-1), if the commissioner determines
20 that:

21 (1) the district would be required to construct
22 classroom facilities in order to provide prekindergarten classes;
23 or

24 (2) implementing any part of this section would result
25 in fewer eligible children being enrolled in a prekindergarten
26 class under this section.

27 (d-1) A district may not receive an exemption under

1 Subsection (d) unless the district has solicited and considered at
2 a public meeting proposals for partnerships with public or private
3 entities regarding prekindergarten classes required under this
4 section. A decision of the board of trustees regarding a
5 partnership described by this subsection is final.

6 (d-2) An exemption under Subsection (d) may not be granted
7 for a period longer than three school years and may be renewed only
8 once.

9 (g) Before a school district or open-enrollment charter
10 school may construct, repurpose, or lease a classroom facility, or
11 issue bonds for the construction or repurposing of a classroom
12 facility, to provide the prekindergarten classes required under
13 this section, the district or school must solicit and consider
14 proposals for partnerships to provide those classes with
15 community-based child-care providers who:

16 (1) are a Texas Rising Star Program provider with a
17 three-star certification or higher;

18 (2) are nationally accredited;

19 (3) are a Head Start program provider;

20 (4) are a Texas School Ready! participant; or

21 (5) meet the requirements under Section 29.1532.

22 SECTION 2.020. Section 29.1531(a), Education Code, is
23 amended to read as follows:

24 (a) A school district may offer on a tuition basis or use
25 district funds to provide:

26 (1) an additional half-day of prekindergarten classes
27 to children who are eligible for classes under Section 29.153 and

1 are under four years of age; and

2 (2) half-day and full-day prekindergarten classes to
3 children not eligible for classes under Section 29.153.

4 SECTION 2.021. Section 29.1532(c), Education Code, is
5 amended to read as follows:

6 (c) A school district that offers prekindergarten classes[
7 ~~including a high quality prekindergarten program class under~~
8 ~~Subchapter E-1,~~] shall include the following information in the
9 district's Public Education Information Management System (PEIMS)
10 report:

11 (1) demographic information, as determined by the
12 commissioner, on students enrolled in district and campus
13 prekindergarten classes, including the number of students who are
14 eligible for classes under Section 29.153;

15 (2) the numbers of half-day and full-day
16 prekindergarten classes offered by the district and campus;

17 (3) the number of half-day prekindergarten classes for
18 which the district has received an exemption from full-day
19 operation under Section 29.153(d);

20 (4) the sources of funding for the prekindergarten
21 classes;

22 (5) [(4)] the class size and ratio of instructional
23 staff to students for each prekindergarten program class offered by
24 the district and campus;

25 (6) [(5)] if the district elects to administer an
26 assessment instrument under Section 29.169 to students enrolled in
27 district and campus prekindergarten program classes, a description

1 and the results of each type of assessment instrument; and

2 (7) [~~(6)~~] curricula used in the district's
3 prekindergarten program classes.

4 SECTION 2.022. Section 29.1543, Education Code, is amended
5 to read as follows:

6 Sec. 29.1543. EARLY EDUCATION REPORTS. The agency shall
7 produce and make available to the public on the agency's Internet
8 website annual district and campus-level reports containing
9 information from the previous school year on early education in
10 school districts and open-enrollment charter schools. A report
11 under this section must contain:

12 (1) the information required by Section 29.1532(c) to
13 be reported through the Public Education Information Management
14 System (PEIMS);

15 (2) a description of the diagnostic reading
16 instruments administered in accordance with Section 28.006(c) or
17 (c-2);

18 (3) the number of students who were administered a
19 diagnostic reading instrument administered in accordance with
20 Section 28.006(c) or (c-2);

21 (4) the number of students whose scores from a
22 diagnostic reading instrument administered in accordance with
23 Section 28.006(c) or (c-2) indicate reading proficiency; [~~and~~]

24 (5) the number of kindergarten students who were
25 enrolled in a prekindergarten program in the previous school year
26 in the same district or school as the district or school in which
27 the student attends kindergarten;

1 (6) the number and percentage of students who perform
2 satisfactorily on the third grade reading or mathematics assessment
3 instrument administered under Section 39.023, disaggregated by
4 whether the student was eligible for free prekindergarten under
5 Section 29.153;

6 (7) the number of students described by Subdivision
7 (6) who attended kindergarten in the district, disaggregated by:

8 (A) whether the student met the kindergarten
9 readiness standard on the reading instrument adopted under Section
10 28.006;

11 (B) whether the student attended prekindergarten
12 in the district; and

13 (C) the type of prekindergarten the student
14 attended, if applicable; and

15 (8) the information described by Subdivisions (6) and
16 (7) disaggregated by whether the student is educationally
17 disadvantaged.

18 SECTION 2.023. Subchapter E, Chapter 29, Education Code, is
19 amended by adding Section 29.1544 to read as follows:

20 Sec. 29.1544. REPORTING OF CERTAIN INFORMATION REGARDING
21 PREKINDERGARTEN PROGRAMS; AGENCY REPORT. (a) The agency by rule
22 shall require each school district that offers a prekindergarten
23 program under Section 29.153 and each private entity that provides
24 a prekindergarten program under contract with a school district to
25 report the following information in the form and manner prescribed
26 by the agency for each prekindergarten class offered by the
27 district or private entity:

1 (1) the number of students in each prekindergarten
2 class;

3 (2) the number of certified teachers in each
4 prekindergarten class;

5 (3) the number of teacher's aides in each
6 prekindergarten class;

7 (4) whether each prekindergarten class is full-day or
8 half-day; and

9 (5) if the district offers half-day classes, whether
10 the district offers two half-day classes per day.

11 (b) From the information submitted under Subsection (a),
12 the agency shall determine the total number of teachers and
13 teacher's aides in prekindergarten classes in this state.

14 (c) From the information submitted under Subsection (a) and
15 for purposes of calculating the student/teacher ratio for each
16 prekindergarten class offered by a school district or private
17 entity that provides a prekindergarten program under contract with
18 a school district, the agency shall count each teacher or teacher's
19 aide:

20 (1) once for a full-day class; and

21 (2) twice for a half-day class if the district offers
22 two half-day classes per day.

23 (d) Not later than August 1 of each year, the agency shall
24 prepare and submit a report to the legislature based on the
25 information collected under Subsection (a).

26 SECTION 2.024. Section 29.162, Education Code, is amended
27 to read as follows:

1 Sec. 29.162. RULES [~~DETERMINATION OF FULL-DAY AND~~
2 ~~HALF-DAY~~]. (a) The commissioner may adopt rules for this
3 subchapter, including rules establishing full-day and half-day
4 minutes of operation requirements as provided by Section 25.081.

5 (b) Section 2001.0045, Government Code, does not apply to
6 rules adopted under this section.

7 SECTION 2.025. The heading to Subchapter E-1, Chapter 29,
8 Education Code, is amended to read as follows:

9 SUBCHAPTER E-1. HIGH QUALITY PREKINDERGARTEN [~~GRANT~~] PROGRAM
10 REQUIREMENTS

11 SECTION 2.026. Section 29.164, Education Code, is amended
12 to read as follows:

13 Sec. 29.164. DEFINITION. In this subchapter, "program"
14 means a high quality prekindergarten [~~grant~~] program required under
15 Section 29.153(c-1) to be provided free of tuition or fees in
16 accordance with this subchapter.

17 SECTION 2.027. Section 29.167(a), Education Code, is
18 amended to read as follows:

19 (a) A school district shall select and implement a
20 curriculum for a prekindergarten [~~grant~~] program [~~under this~~
21 ~~subchapter~~] that:

22 (1) includes the prekindergarten guidelines
23 established by the agency;

24 (2) measures the progress of students in meeting the
25 recommended learning outcomes; and

26 (3) does not use national curriculum standards
27 developed by the Common Core State Standards Initiative.

SECTION 2.028. Section 29.170(a), Education Code, is amended to read as follows:

(a) The commissioner shall evaluate the use and effectiveness of prekindergarten funding [~~provided under this subchapter~~] in improving student learning. The commissioner shall identify effective instruction strategies implemented by school districts under this subchapter.

SECTION 2.029. Section 29.171(a), Education Code, is amended to read as follows:

(a) A school district that offers a prekindergarten [~~participating in the grant~~] program under this subchapter may enter into a contract with an eligible private provider to provide services or equipment for the program.

SECTION 2.030. Section 29.172, Education Code, is amended to read as follows:

Sec. 29.172. RULES. (a) The commissioner may adopt rules necessary to implement this subchapter.

(b) Section 2001.0045, Government Code, does not apply to rules adopted under this section.

SECTION 2.031. Section 29.190, Education Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a) A student is entitled to a subsidy under this section if:

(1) the student:

(A) successfully completes the career and technology program of a school district in which the student

1 receives training and instruction for employment; or

2 (B) is enrolled in a special education program
3 under Subchapter A; and

4 (2) the student passes a certification examination to
5 qualify for a license or certificate that is an industry
6 certification for purposes of Section 39.053(c)(1)(B)(v),
7 administered while the student is enrolled in a school district.

8 (a-1) A student may not receive more than one subsidy under
9 this section.

10 SECTION 2.032. Subchapter F, Chapter 29, Education Code, is
11 amended by adding Section 29.194 to read as follows:

12 Sec. 29.194. SUMMER CAREER AND TECHNOLOGY EDUCATION GRANT
13 PROGRAM. (a) From funds appropriated or available for the purpose,
14 the commissioner, in cooperation with an appropriate private
15 entity, shall establish a grant program to provide funding to
16 school districts for career and technology education courses
17 offered during the summer.

18 (b) The commissioner may solicit and accept gifts,
19 donations, or other contributions for the grant program established
20 under this section.

21 (c) The commissioner may adopt rules as necessary to
22 implement this section.

23 SECTION 2.033. Subchapter Z, Chapter 29, Education Code, is
24 amended by adding Section 29.924 to read as follows:

25 Sec. 29.924. BLENDED LEARNING GRANT PROGRAM. (a) In this
26 section, "blended learning" means an instructional delivery method
27 that combines classroom and online instruction.

1 (b) From funds appropriated or available for purposes of
2 this section, the commissioner shall establish a grant program to
3 assist school districts and open-enrollment charter schools in
4 developing and implementing effective blended learning models,
5 including an innovative mathematics instructional program at a
6 campus designated as a mathematics innovation zone as provided by
7 Section 28.020. In awarding grants under the program, the
8 commissioner shall give priority to school districts and
9 open-enrollment charter schools that have the highest enrollment of
10 students who are educationally disadvantaged.

11 (c) A school district or open-enrollment charter school
12 that receives a grant under this section must:

13 (1) develop a plan to implement a blended learning
14 model that meets the requirements under Subsection (d);

15 (2) provide training to teachers and other relevant
16 personnel on effective blended learning practices using a program
17 approved by the commissioner for that purpose;

18 (3) after completion of the training under Subdivision
19 (2):

20 (A) certify to the agency that the blended
21 learning model has been implemented; and

22 (B) immediately following the fourth school year
23 of implementation, submit to the agency a report on student
24 outcomes under the blended learning model; and

25 (4) provide any other information to the agency as
26 necessary for the implementation of this section.

27 (d) A plan to implement a blended learning model developed

under Subsection (c) must:

(1) during the first year require implementation of the model across an entire grade level at a campus and permit subsequent expansion of the model to additional grade levels at the campus or, if the campus has achieved full implementation of the model across all grade levels, to additional campuses in a manner that provides students a consistent learning experience;

(2) require teachers to differentiate instruction for all students in a grade level using the blended learning model, including by:

(A) using curricula and assessments that allow each student to progress at the student's pace based on demonstrated proficiency;

(B) providing learning opportunities that give students, in collaboration with the teacher, control over the time, place, path, and pace of the student's learning; and

(C) allocating a certain amount of instructional preparation time to collaborating with students and developing blended learning lesson plans and activities driven by individual student needs;

(3) provide teachers and other relevant personnel with professional development opportunities regarding blended learning; and

(4) require the use of a proficiency-based assessment to inform instruction and provide teachers with relevant information regarding strengths and gaps in a student's learning and proficiency in the essential knowledge and skills.

1 (e) Funds awarded under the grant program may be used only
2 to implement a program under this section and satisfy the
3 requirements under Subsection (c).

4 (f) A school district or open-enrollment charter school may
5 receive a grant under this section for not more than four
6 consecutive school years.

7 (g) The commissioner shall adopt rules as necessary to
8 implement this section, including rules establishing an
9 application and selection process for awarding grants under this
10 section and a list of programs that may be used for training under
11 Subsection (c)(2). In adopting rules under this subsection, the
12 commissioner may not impose any requirements on a school district's
13 or open-enrollment charter school's plan to implement a blended
14 learning model not listed under Subsection (d).

15 SECTION 2.034. Sections 39.0261(a), (e), and (f), Education
16 Code, are amended to read as follows:

17 (a) In addition to the assessment instruments otherwise
18 authorized or required by this subchapter:

19 (1) each school year and at state cost, a school
20 district may administer to students in the spring of the eighth
21 grade an established, valid, reliable, and nationally
22 norm-referenced preliminary college preparation assessment
23 instrument for the purpose of diagnosing the academic strengths and
24 deficiencies of students before entrance into high school;

25 (2) each school year and at state cost, a school
26 district may administer to students in the 10th grade an
27 established, valid, reliable, and nationally norm-referenced

1 preliminary college preparation assessment instrument for the
2 purpose of measuring a student's progress toward readiness for
3 college and the workplace; and

4 (3) high school students in the spring of the 11th
5 grade or during the 12th grade may select and take once, at state
6 cost:

7 (A) ~~[7]~~ one of the valid, reliable, and
8 nationally norm-referenced assessment instruments used by colleges
9 and universities as part of their undergraduate admissions
10 processes; or

11 (B) the assessment instrument designated by the
12 Texas Higher Education Coordinating Board under Section 51.334.

13 (e) Subsection (a)(3) does not prohibit a high school
14 student ~~[in the spring of the 11th grade or during the 12th grade]~~
15 from selecting and taking, at the student's own expense, an
16 assessment instrument described by that subdivision ~~[one of the~~
17 ~~valid, reliable, and nationally norm-referenced assessment~~
18 ~~instruments used by colleges and universities as part of their~~
19 ~~undergraduate admissions processes more than once]~~.

20 (f) The provisions of this section regarding assessment
21 instruments administered under Subsection (a)(1) or (2) apply only
22 if the legislature appropriates funds for those purposes ~~[of this~~
23 ~~section]~~.

24 SECTION 2.035. Section 39.306(a), Education Code, is
25 amended to read as follows:

26 (a) Each board of trustees shall publish an annual report
27 describing the educational performance of the district and of each

1 campus in the district that includes uniform student performance
2 and descriptive information as determined under rules adopted by
3 the commissioner. The annual report must also include:

4 (1) campus performance objectives established under
5 Section 11.253 and the progress of each campus toward those
6 objectives, which shall be available to the public;

7 (2) information indicating the district's
8 accreditation status and identifying each district campus awarded a
9 distinction designation under Subchapter G or considered an
10 unacceptable campus under Chapter 39A;

11 (3) the district's current special education
12 compliance status with the agency;

13 (4) a statement of the number, rate, and type of
14 violent or criminal incidents that occurred on each district
15 campus, to the extent permitted under the Family Educational Rights
16 and Privacy Act of 1974 (20 U.S.C. Section 1232g);

17 (5) information concerning school violence prevention
18 and violence intervention policies and procedures that the district
19 is using to protect students;

20 (6) the findings that result from evaluations
21 conducted under the Safe and Drug-Free Schools and Communities Act
22 of 1994 (20 U.S.C. Section 7101 et seq.); ~~and~~

23 (7) information received under Section 51.403(e) for
24 each high school campus in the district, presented in a form
25 determined by the commissioner; and

26 (8) the progress of the district and each campus in the
27 district toward meeting the goals set in the district's:

1 (A) early childhood literacy and mathematics
2 proficiency plans adopted under Section 11.185; and

3 (B) college, career, and military readiness
4 plans adopted under Section 11.186.

5 SECTION 2.036. Subchapter Z, Chapter 39A, Education Code,
6 is amended by adding Section 39A.907 to read as follows:

7 Sec. 39A.907. ASSESSMENT INSTRUMENT STUDY. (a) The
8 commissioner shall enter into a memorandum of understanding with a
9 public institution of higher education to conduct a study to
10 determine whether, for each applicable grade level, each assessment
11 instrument administered under Section 39.023(a) during the
12 2018-2019 school year or scheduled to be administered during the
13 2019-2020 school year:

14 (1) is written at the appropriate reading level for
15 students in that grade level; and

16 (2) includes only:

17 (A) passages, questions, answers, and other
18 content aligned with the essential knowledge and skills adopted by
19 the State Board of Education for the applicable subject for the
20 grade level at which the assessment instrument is administered or
21 for any previous grade level; and

22 (B) passages written at a reading level not
23 higher than the grade level at which the assessment instrument is
24 administered.

25 (b) Not later than December 1, 2019, the commissioner shall
26 submit a report to the legislature and the presiding officer of each
27 legislative standing committee with jurisdiction over primary and

1 secondary education that includes the results of the study.

2 ARTICLE 2A. PROVISIONS REGARDING EMPLOYING, TERMINATING, AND
3 REPORTING MISCONDUCT OF PUBLIC SCHOOL AND RELATED ENTITY PERSONNEL

4 SECTION 2A.001. Section 12.027(a), Education Code, is
5 amended to read as follows:

6 (a) The State Board of Education may place on probation or
7 revoke a home-rule school district charter of a school district if
8 the board determines that the district:

9 (1) committed a material violation of the charter,
10 including by failure to comply with the duty to discharge or refuse
11 to hire certain employees or applicants for employment, as provided
12 by Section 12.0271;

13 (2) failed to satisfy generally accepted accounting
14 standards of fiscal management; or

15 (3) failed to comply with this subchapter or other
16 applicable federal or state law or rule.

17 SECTION 2A.002. Subchapter B, Chapter 12, Education Code,
18 is amended by adding Section 12.0271 to read as follows:

19 Sec. 12.0271. FAILURE TO DISCHARGE OR REFUSE TO HIRE
20 CERTAIN EMPLOYEES OR APPLICANTS. A home-rule school district
21 commits a material violation of the school district's charter if
22 the school district fails to comply with the duty to discharge or
23 refuse to hire certain employees or applicants for employment under
24 Section 22.085 or 22.092.

25 SECTION 2A.003. Section 12.056(b), Education Code, is
26 amended to read as follows:

27 (b) A campus or program for which a charter is granted under

1 this subchapter is subject to:

2 (1) a provision of this title establishing a criminal
3 offense; and

4 (2) a prohibition, restriction, or requirement, as
5 applicable, imposed by this title or a rule adopted under this
6 title, relating to:

7 (A) the Public Education Information Management
8 System (PEIMS) to the extent necessary to monitor compliance with
9 this subchapter as determined by the commissioner;

10 (B) criminal history records under Subchapter C,
11 Chapter 22;

12 (C) high school graduation under Section 28.025;

13 (D) special education programs under Subchapter
14 A, Chapter 29;

15 (E) bilingual education under Subchapter B,
16 Chapter 29;

17 (F) prekindergarten programs under Subchapter E,
18 Chapter 29;

19 (G) extracurricular activities under Section
20 33.081;

21 (H) health and safety under Chapter 38; ~~and~~

22 (I) public school accountability under
23 Subchapters B, C, D, F, and J, Chapter 39, and Chapter 39A; and

24 (J) the duty to discharge or refuse to hire
25 certain employees or applicants for employment under Section
26 12.1059.

27 SECTION 2A.004. Section 12.063(a), Education Code, is

amended to read as follows:

(a) A board of trustees may place on probation or revoke a charter it grants if the board determines that the campus or program:

(1) committed a material violation of the charter, including by failure to comply with the duty to discharge or refuse to hire certain employees or applicants for employment, as provided by Section 12.0631;

(2) failed to satisfy generally accepted accounting standards of fiscal management; or

(3) failed to comply with this subchapter, another law, or a state agency rule.

SECTION 2A.005. Subchapter C, Chapter 12, Education Code, is amended by adding Section 12.0631 to read as follows:

Sec. 12.0631. FAILURE TO DISCHARGE OR REFUSE TO HIRE CERTAIN EMPLOYEES OR APPLICANTS. A campus or campus program granted a charter under this subchapter commits a material violation of its charter if the campus or program fails to comply with the duty to discharge or refuse to hire certain employees or applicants for employment under Section 12.1059, 22.085, or 22.092.

SECTION 2A.006. Section 12.1059, Education Code, is amended to read as follows:

Sec. 12.1059. REQUIREMENTS [~~AGENCY APPROVAL REQUIRED~~] FOR EMPLOYMENT OF CERTAIN EMPLOYEES. A person may not be employed by or serve as a teacher, librarian, educational aide, administrator, or school counselor for an open-enrollment charter school unless:

(1) the person has been approved by the agency

1 following a review of the person's national criminal history record
2 information as provided by Section 22.0832; and

3 (2) the school has confirmed that the person is not
4 included in the registry under Section 22.092.

5 SECTION 2A.007. Section 12.115(a), Education Code, is
6 amended to read as follows:

7 (a) Except as provided by Subsection (c), the commissioner
8 shall revoke the charter of an open-enrollment charter school or
9 reconstitute the governing body of the charter holder if the
10 commissioner determines that the charter holder:

11 (1) committed a material violation of the charter,
12 including by a failure to:

13 (A) satisfy accountability provisions prescribed
14 by the charter; or

15 (B) comply with the duty to discharge or refuse
16 to hire certain employees or applicants for employment, as provided
17 by Section 12.1151;

18 (2) failed to satisfy generally accepted accounting
19 standards of fiscal management;

20 (3) failed to protect the health, safety, or welfare
21 of the students enrolled at the school;

22 (4) failed to comply with this subchapter or another
23 applicable law or rule;

24 (5) failed to satisfy the performance framework
25 standards adopted under Section 12.1181; or

26 (6) is imminently insolvent as determined by the
27 commissioner in accordance with commissioner rule.

SECTION 2A.008. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1151 to read as follows:

Sec. 12.1151. FAILURE TO DISCHARGE OR REFUSE TO HIRE CERTAIN EMPLOYEES OR APPLICANTS. An open-enrollment charter school commits a material violation of the school's charter if the school fails to comply with the duty to discharge or refuse to hire certain employees or applicants for employment under Section 12.1059, 22.085, or 22.092.

SECTION 2A.009. Section 12A.008, Education Code, is amended by adding Subsection (b-1) to read as follows:

(b-1) The commissioner may terminate a district's designation as a district of innovation if the district fails to comply with the duty to discharge or refuse to hire certain employees or applicants for employment under Section 12.1059, applicable to the district under Section 12A.004(a)(1), or Section 22.085 or 22.092.

SECTION 2A.010. Section 21.006, Education Code, is amended by amending Subsections (a), (b), (b-1), (b-2), (c-1), (d), and (e) and adding Subsections (g-1) and (k) to read as follows:

(a) In this section:

(1) "Abuse" [,"abuse"] has the meaning assigned by Section 261.001, Family Code, and includes any sexual conduct involving an educator and a student or minor.

(2) "Other charter entity" means:

(A) a school district operating under a home-rule school district charter adopted under Subchapter B, Chapter 12;

(B) a campus or campus program operating under a

1 charter granted under Subchapter C, Chapter 12; and

2 (C) an entity that contracts to partner with a
3 school district under Section 11.174(a)(2) to operate a district
4 campus under a charter granted to the entity by the district under
5 Subchapter C, Chapter 12.

6 (b) In addition to the reporting requirement under Section
7 261.101, Family Code, the superintendent or director of a school
8 district, district of innovation, open-enrollment charter school,
9 other charter entity, regional education service center, or shared
10 services arrangement shall notify the State Board for Educator
11 Certification if:

12 (1) an educator employed by or seeking employment by
13 the school district, district of innovation, charter school, other
14 charter entity, service center, or shared services arrangement has
15 a criminal record and the school district, district of innovation,
16 charter school, other charter entity, service center, or shared
17 services arrangement obtained information about the educator's
18 criminal record by a means other than the criminal history
19 clearinghouse established under Section 411.0845, Government Code;

20 (2) an educator's employment at the school district,
21 district of innovation, charter school, other charter entity,
22 service center, or shared services arrangement was terminated and
23 there is evidence that the educator:

24 (A) abused or otherwise committed an unlawful act
25 with a student or minor;

26 (A-1) was involved in a romantic relationship
27 with or solicited or engaged in sexual contact with a student or

1 minor;

2 (B) possessed, transferred, sold, or distributed
3 a controlled substance, as defined by Chapter 481, Health and
4 Safety Code, or by 21 U.S.C. Section 801 et seq.;

5 (C) illegally transferred, appropriated, or
6 expended funds or other property of the school district, district
7 of innovation, charter school, other charter entity, service
8 center, or shared services arrangement;

9 (D) attempted by fraudulent or unauthorized
10 means to obtain or alter a professional certificate or license for
11 the purpose of promotion or additional compensation; or

12 (E) committed a criminal offense or any part of a
13 criminal offense on school property or at a school-sponsored event;

14 (3) the educator resigned and there is evidence that
15 the educator engaged in misconduct described by Subdivision (2); or

16 (4) the educator engaged in conduct that violated the
17 assessment instrument security procedures established under
18 Section 39.0301.

19 (b-1) A superintendent or director of a school district,
20 district of innovation, open-enrollment charter school, other
21 charter entity, regional education service center, or shared
22 services arrangement shall complete an investigation of an educator
23 that involves evidence that the educator may have engaged in
24 misconduct described by Subsection (b)(2)(A) or (A-1), despite the
25 educator's resignation from employment before completion of the
26 investigation.

27 (b-2) The principal of a school district, district of

1 innovation, ~~[or]~~ open-enrollment charter school, or other charter
2 entity campus must notify the superintendent or director of the
3 school district, district of innovation, ~~[or]~~ charter school, or
4 other charter entity not later than the seventh business day after
5 the date:

6 (1) of an educator's termination of employment or
7 resignation following an alleged incident of misconduct described
8 by Subsection (b); or

9 (2) the principal knew about an educator's criminal
10 record under Subsection (b)(1).

11 (c-1) The report under Subsection (c):

12 (1) must be:

13 (A) ~~[(1)]~~ in writing; and

14 (B) ~~[(2)]~~ in a form prescribed by the board; and

15 (2) may be filed through the Internet portal developed
16 and maintained by the State Board for Educator Certification under
17 Subsection (g-1).

18 (d) The superintendent or director shall notify the board of
19 trustees or governing body of the school district, open-enrollment
20 charter school, other charter entity, regional education service
21 center, or shared services arrangement and the educator of the
22 filing of the report required by Subsection (c).

23 (e) A superintendent, director, or principal of a school
24 district, district of innovation, open-enrollment charter school,
25 other charter entity, regional education service center, or shared
26 services arrangement who in good faith and while acting in an
27 official capacity files a report with the State Board for Educator

1 Certification under this section or communicates with another
2 superintendent, director, or principal concerning an educator's
3 criminal record or alleged incident of misconduct is immune from
4 civil or criminal liability that might otherwise be incurred or
5 imposed.

6 (g-1) The State Board for Educator Certification shall
7 develop and maintain an Internet portal through which a report
8 required under Subsection (c) may be confidentially and securely
9 filed.

10 (k) The commissioner may review the records of a school
11 district, district of innovation, open-enrollment charter school,
12 other charter entity, regional education service center, or shared
13 services arrangement to ensure compliance with the requirement to
14 report misconduct under this section.

15 SECTION 2A.011. Section 21.0061, Education Code, is amended
16 by amending Subsection (a) and adding Subsection (c) to read as
17 follows:

18 (a) The board of trustees or governing body of a school
19 district, district of innovation, open-enrollment charter school,
20 other charter entity, regional education service center, or shared
21 services arrangement shall adopt a policy under which notice is
22 provided to the parent or guardian of a student with whom an
23 educator is alleged to have engaged in misconduct described by
24 Section 21.006(b)(2)(A) or (A-1) informing the parent or guardian:

- 25 (1) that the alleged misconduct occurred;
- 26 (2) whether the educator was terminated following an
27 investigation of the alleged misconduct or resigned before

1 completion of the investigation; and

2 (3) whether a report was submitted to the State Board
3 for Educator Certification concerning the alleged misconduct.

4 (c) In this section, "other charter entity" has the meaning
5 assigned by Section 21.006.

6 SECTION 2A.012. Subchapter B, Chapter 21, Education Code,
7 is amended by adding Section 21.0585 to read as follows:

8 Sec. 21.0585. NOTICE TO AGENCY REGARDING REVOCATION OF
9 CERTIFICATE OR PERMIT FOR CERTAIN MISCONDUCT. The board shall
10 promptly notify the agency for purposes of Section 22.092 if the
11 board revokes a certificate or permit of a person on a finding that
12 the person engaged in misconduct described by Section
13 21.006(b)(2)(A) or (A-1).

14 SECTION 2A.013. Subchapter C, Chapter 22, Education Code,
15 is amended by adding Sections 22.0815 and 22.0825 to read as
16 follows:

17 Sec. 22.0815. APPLICABILITY OF SUBCHAPTER TO DISTRICTS OF
18 INNOVATION AND OTHER CHARTER ENTITIES. (a) In this section, "other
19 charter entity" has the meaning assigned by Section 21.006.

20 (b) A prohibition, restriction, or requirement imposed by
21 this subchapter on an open-enrollment charter school applies to the
22 same extent to a district of innovation or other charter entity.

23 (c) The failure of a district of innovation to provide
24 information required under Section 22.0832 may result in
25 termination of the district's designation as a district of
26 innovation.

27 Sec. 22.0825. ACCESS TO CRIMINAL HISTORY RECORDS BY TEXAS

1 EDUCATION AGENCY. (a) In this section, "other charter entity" has
2 the meaning assigned by Section 21.006.

3 (b) The agency shall subscribe to the criminal history
4 clearinghouse as provided by Section 411.0845, Government Code, and
5 may obtain from any law enforcement or criminal justice agency all
6 criminal history record information and all records contained in
7 any closed criminal investigation file that relate to a specific
8 applicant for employment or current or former employee of a school
9 district, district of innovation, open-enrollment charter school,
10 other charter entity, regional education service center, or shared
11 services arrangement.

12 SECTION 2A.014. The heading to Section 22.085, Education
13 Code, is amended to read as follows:

14 Sec. 22.085. EMPLOYEES AND APPLICANTS CONVICTED OF OR
15 PLACED ON DEFERRED ADJUDICATION COMMUNITY SUPERVISION FOR CERTAIN
16 OFFENSES.

17 SECTION 2A.015. Sections 22.085(a) and (e), Education Code,
18 are amended to read as follows:

19 (a) A school district, open-enrollment charter school, or
20 shared services arrangement shall discharge or refuse to hire an
21 employee or applicant for employment if the district, school, or
22 shared services arrangement obtains information through a criminal
23 history record information review that[+]

24 [~~1~~] the employee or applicant has been:

25 (1) convicted of or placed on deferred adjudication
26 community supervision for[+]

27 [~~(A) a felony offense under Title 5, Penal Code,~~

1 [~~(B)~~] an offense for [~~on conviction of~~] which a
2 defendant is required to register as a sex offender under Chapter
3 62, Code of Criminal Procedure; or

4 (2) convicted of:

5 (A) a felony offense under Title 5, Penal Code,
6 if the victim of the offense was under 18 years of age at the time
7 the offense was committed; or

8 (B) [~~(C)~~] an offense under the laws of another
9 state or federal law that is equivalent to an offense under
10 Subdivision (1) or Paragraph (A) [~~or (B)~~]; and

11 ~~[(2) at the time the offense occurred, the victim of~~
12 ~~the offense described by Subdivision (1) was under 18 years of age~~
13 ~~or was enrolled in a public school].~~

14 (e) The State Board for Educator Certification may impose a
15 sanction on an educator who does not discharge an employee or refuse
16 to hire an applicant for employment if the educator knows or should
17 have known, through a criminal history record information review,
18 that the employee or applicant has been:

19 (1) convicted of or placed on deferred adjudication
20 community supervision for an offense described by Subsection
21 (a)(1); or

22 (2) convicted of an offense described by Subsection
23 (a)(2) [~~(a)~~].

24 SECTION 2A.016. Chapter 22, Education Code, is amended by
25 adding Subchapter C-1 to read as follows:

1 SUBCHAPTER C-1. PERSONS NOT ELIGIBLE FOR EMPLOYMENT IN PUBLIC
2 SCHOOLS

3 Sec. 22.091. DEFINITION. In this subchapter, "other
4 charter entity" has the meaning assigned by Section 21.006.

5 Sec. 22.092. REGISTRY OF PERSONS NOT ELIGIBLE FOR
6 EMPLOYMENT IN PUBLIC SCHOOLS. (a) The agency shall maintain and
7 make available through the Internet portal developed and maintained
8 by the agency under Section 22.095 a registry of persons who are not
9 eligible to be employed by a school district, district of
10 innovation, open-enrollment charter school, other charter entity,
11 regional education service center, or shared services arrangement.

12 (b) A school district, district of innovation,
13 open-enrollment charter school, other charter entity, regional
14 education service center, or shared services arrangement shall
15 discharge or refuse to hire a person listed on the registry
16 maintained under this section.

17 (c) The registry maintained under this section must list the
18 following persons as not eligible to be employed by public schools:

19 (1) a person determined by the agency under Section
20 22.0832 as a person who would not be eligible for educator
21 certification under Subchapter B, Chapter 21;

22 (2) a person determined by the agency to be not
23 eligible for employment based on the person's criminal history
24 record information review, as provided by Section 22.0833;

25 (3) a person who is not eligible for employment based
26 on criminal history record information received by the agency under
27 Section 21.058(b);

1 (4) a person whose certification or permit issued
2 under Subchapter B, Chapter 21, is revoked by the State Board for
3 Educator Certification on a finding that the person engaged in
4 misconduct described by Section 21.006(b)(2)(A) or (A-1); and

5 (5) a person who is determined by the commissioner
6 under Section 22.094 to have engaged in misconduct described by
7 Section 22.093(c)(1)(A) or (B).

8 (d) The agency shall provide private schools and public
9 schools equivalent access to the registry maintained under this
10 section.

11 (e) The agency shall adopt rules as necessary to implement
12 this section.

13 Sec. 22.093. REQUIREMENT TO REPORT EMPLOYEE MISCONDUCT.

14 (a) In this section, "abuse" has the meaning assigned by Section
15 261.001, Family Code, and includes any sexual conduct involving a
16 student or minor.

17 (b) This section applies to a person who is employed by a
18 school district, district of innovation, open-enrollment charter
19 school, other charter entity, regional education service center, or
20 shared services arrangement and who does not hold a certification
21 or permit issued under Subchapter B, Chapter 21.

22 (c) In addition to the reporting requirement under Section
23 261.101, Family Code, the superintendent or director of a school
24 district, district of innovation, open-enrollment charter school,
25 other charter entity, regional education service center, or shared
26 services arrangement shall notify the commissioner if:

27 (1) an employee's employment at the school district,

1 district of innovation, charter school, other charter entity,
2 service center, or shared services arrangement was terminated and
3 there is evidence that the employee:

4 (A) abused or otherwise committed an unlawful act
5 with a student or minor; or

6 (B) was involved in a romantic relationship with
7 or solicited or engaged in sexual contact with a student or minor;
8 or

9 (2) the employee resigned and there is evidence that
10 the employee engaged in misconduct described by Subdivision (1).

11 (d) A superintendent or director of a school district,
12 district of innovation, open-enrollment charter school, other
13 charter entity, regional education service center, or shared
14 services arrangement shall complete an investigation of an employee
15 that involves evidence that the employee may have engaged in
16 misconduct described by Subsection (c)(1)(A) or (B), despite the
17 employee's resignation from employment before completion of the
18 investigation.

19 (e) The principal of a school district, district of
20 innovation, open-enrollment charter school, or other charter
21 entity campus must notify the superintendent or director of the
22 school district, district of innovation, charter school, or other
23 charter entity not later than the seventh business day after the
24 date of an employee's termination of employment or resignation
25 following an alleged incident of misconduct described by Subsection
26 (c)(1)(A) or (B).

27 (f) The superintendent or director must notify the

1 commissioner by filing a report with the commissioner not later
2 than the seventh business day after the date the superintendent or
3 director receives a report from a principal under Subsection (e) or
4 knew about an employee's termination of employment or resignation
5 following an alleged incident of misconduct described by Subsection
6 (c)(1)(A) or (B). The report must be:

7 (1) in writing; and

8 (2) in a form prescribed by the commissioner.

9 (g) The superintendent or director shall notify the board of
10 trustees or governing body of the school district, district of
11 innovation, open-enrollment charter school, other charter entity,
12 regional education service center, or shared services arrangement
13 and the employee of the filing of the report required by Subsection
14 (f).

15 (h) A superintendent or director who in good faith and while
16 acting in an official capacity files a report with the commissioner
17 under Subsection (f) or a principal who in good faith and while
18 acting in an official capacity notifies a superintendent or
19 director under Subsection (e) is immune from civil or criminal
20 liability that might otherwise be incurred or imposed.

21 (i) The commissioner shall refer an educator who fails to
22 file a report in violation of Subsection (f) to the State Board for
23 Educator Certification, and the board shall determine whether to
24 impose sanctions against the educator.

25 (j) The name of a student or minor who is the victim of abuse
26 or unlawful conduct by an employee must be included in a report
27 filed under this section, but the name of the student or minor is

1 not public information under Chapter 552, Government Code.

2 (k) A superintendent or director required to file a report
3 under Subsection (f) commits an offense if the superintendent or
4 director fails to file the report by the date required by that
5 subsection with intent to conceal an employee's criminal record or
6 alleged incident of misconduct. A principal required to notify a
7 superintendent or director about an employee's alleged incident of
8 misconduct under Subsection (e) commits an offense if the principal
9 fails to provide the notice by the date required by that subsection
10 with intent to conceal an employee's alleged incident of
11 misconduct. An offense under this subsection is a state jail
12 felony.

13 (l) The commissioner may review the records of a school
14 district, district of innovation, open-enrollment charter school,
15 other charter entity, regional education service center, or shared
16 services arrangement to ensure compliance with the requirement to
17 report misconduct under this section.

18 (m) The commissioner shall adopt rules as necessary to
19 implement this section.

20 Sec. 22.094. NOTICE OF ALLEGED MISCONDUCT; INVESTIGATION;
21 HEARING. (a) A person described by Section 22.093(b) and who is
22 the subject of a report that alleges misconduct described by
23 Section 22.093(c)(1)(A) or (B) is entitled to a hearing on the
24 merits of the allegations of misconduct under the procedures
25 provided by Chapter 2001, Government Code, to contest the
26 allegation in the report.

27 (b) On receiving a report filed under Section 22.093(f), the

1 commissioner shall promptly send to the person who is the subject of
2 the report a notice that includes:

3 (1) a statement informing the person that the person
4 must request a hearing on the merits of the allegations of
5 misconduct within the period provided by Subsection (c);

6 (2) a request that the person submit a written
7 response within the period provided by Subsection (c) to show cause
8 why the commissioner should not pursue an investigation; and

9 (3) a statement informing the person that if the
10 person does not timely submit a written response to show cause as
11 provided by Subdivision (2), the agency shall provide information
12 indicating the person is under investigation in the manner provided
13 by Subsection (d).

14 (c) A person entitled to a hearing under Subsection (a) must
15 request a hearing and submit a written response to show cause not
16 later than the 10th day after the date the person receives the
17 notice from the commissioner provided under Subsection (b).

18 (d) If a person who receives notice provided under
19 Subsection (b) does not timely submit a written response to show
20 cause why the commissioner should not pursue an investigation, the
21 commissioner shall instruct the agency to make available through
22 the Internet portal developed and maintained by the agency under
23 Section 22.095 information indicating that the person is under
24 investigation for alleged misconduct.

25 (e) If a person entitled to a hearing under Subsection (a)
26 does not request a hearing as provided by Subsection (c), the
27 commissioner shall:

1 (1) based on the report filed under Section 22.093(f),
2 make a determination whether the person engaged in misconduct; and

3 (2) if the commissioner determines that the person
4 engaged in misconduct described by Section 22.093(c)(1)(A) or (B),
5 instruct the agency to add the person's name to the registry
6 maintained under Section 22.092.

7 (f) If a person entitled to a hearing under Subsection (a)
8 requests a hearing as provided by Subsection (c) and the final
9 decision in that hearing determines that the person engaged in
10 misconduct described by Section 22.093(c)(1)(A) or (B), the
11 commissioner shall instruct the agency to add the person's name to
12 the registry maintained under Section 22.092.

13 (g) If a person entitled to a hearing under Subsection (a)
14 requests a hearing as provided by Subsection (c) and the final
15 decision in that hearing determines that the person did not engage
16 in misconduct described by Section 22.093(c)(1)(A) or (B), the
17 commissioner shall instruct the agency to immediately remove from
18 the Internet portal developed and maintained by the agency under
19 Section 22.095 the information indicating that the person is under
20 investigation for alleged misconduct.

21 (h) The commissioner shall adopt rules as necessary to
22 implement this section.

23 Sec. 22.095. INTERNET PORTAL. The agency shall develop and
24 maintain an Internet portal through which:

25 (1) a report required under Section 22.093(f) may be
26 confidentially and securely filed; and

27 (2) the agency makes available:

1 (A) the registry of persons who are not eligible
2 to be employed in public schools as described by Section 22.092; and

3 (B) information indicating that a person is under
4 investigation for alleged misconduct in accordance with Section
5 22.094(d), provided that the agency must provide the information
6 through a procedure other than the registry described under
7 Paragraph (A).

8 Sec. 22.096. COMPLIANCE MONITORING. The agency shall
9 periodically conduct site visits and review the records of school
10 districts, districts of innovation, open-enrollment charter
11 schools, other charter entities, regional education service
12 centers, and shared services arrangements to ensure compliance with
13 Section 22.092(b).

14 SECTION 2A.017. Section 39.0302(a), Education Code, is
15 amended to read as follows:

16 (a) During an agency investigation or audit of a school
17 district under Section 39.0301(e) or (f), an accreditation
18 investigation under Section 39.057(a)(8) or (14), a compliance
19 review under Section 21.006(k), 22.093(l), or 22.096, or an
20 investigation by the State Board for Educator Certification of an
21 educator for an alleged violation of an assessment instrument
22 security procedure established under Section 39.0301(a), the
23 commissioner may issue a subpoena to compel the attendance of a
24 relevant witness or the production, for inspection or copying, of
25 relevant evidence that is located in this state.

26 ARTICLE 3. CONFORMING CHANGES

27 SECTION 3.001. Sections 7.055(b)(34) and (35), Education

Code, are amended to read as follows:

(34) The commissioner shall perform duties in connection with the options for local revenue levels in excess of entitlement [~~equalized wealth level~~] under Chapter 49 [~~41~~].

(35) The commissioner shall perform duties in connection with the Foundation School Program as prescribed by Chapter 48 [~~42~~].

SECTION 3.002. Sections 7.062(a) and (c), Education Code, are amended to read as follows:

(a) In this section, "wealth per student" means a school district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, Section 48.258 [~~42.2521~~], divided by the district's average daily attendance as determined under Section 48.005 [~~42.005~~].

(c) Except as otherwise provided by this subsection, if the commissioner certifies that the amount appropriated for a state fiscal year for purposes of Subchapters A and B, Chapter 46, exceeds the amount to which school districts are entitled under those subchapters for that year, the commissioner shall use the excess funds, in an amount not to exceed \$20 million in any state fiscal year, for the purpose of making grants under this section. The use of excess funds under this subsection has priority over any provision of Chapter 48 [~~42~~] that permits or directs the use of excess foundation school program funds, including Sections 48.258 [~~42.2517, 42.2521~~], 48.259 [~~42.2522~~], and 48.267 [~~42.2531~~]. The commissioner is required to use excess funds as provided by this subsection only if the commissioner is not required to reduce the

total amount of state funds allocated to school districts under Section 48.266(f) [~~42.253(h)~~].

SECTION 3.003. Section 7.102(c)(30), Education Code, is amended to read as follows:

(30) The board shall perform duties in connection with the Foundation School Program as prescribed by Chapter 48 [~~42~~].

SECTION 3.004. Section 8.051(d), Education Code, is amended to read as follows:

(d) Each regional education service center shall maintain core services for purchase by school districts and campuses. The core services are:

(1) training and assistance in:

(A) teaching each subject area assessed under Section 39.023; and

(B) providing instruction in personal financial literacy as required under Section 28.0021;

(2) training and assistance in providing a gifted and talented program and each program that qualifies for a funding allotment under Section 48.102 [~~42.151~~], 48.104 [~~42.152~~], or 48.105 [~~42.153, or 42.156~~];

(3) assistance specifically designed for a school district or campus assigned an unacceptable performance rating under Section 39.054;

(4) training and assistance to teachers, administrators, members of district boards of trustees, and members of site-based decision-making committees;

(5) assistance specifically designed for a school

1 district that is considered out of compliance with state or federal
2 special education requirements, based on the agency's most recent
3 compliance review of the district's special education programs; and

4 (6) assistance in complying with state laws and rules.

5 SECTION 3.005. Section 8.056, Education Code, is amended to
6 read as follows:

7 Sec. 8.056. LIMITATION ON COMPENSATION FOR CERTAIN
8 SERVICES. A regional education service center that acts as a fiscal
9 agent or broker in connection with an agreement between two school
10 districts under Subchapter E, Chapter 49 [~~41~~], may not, unless
11 authorized in writing by the district receiving transferred funds
12 in accordance with the agreement:

13 (1) be compensated by the districts in an amount that
14 exceeds the administrative cost of providing the service; or

15 (2) otherwise retain for use by the center any amount
16 other than the compensation permitted under Subdivision (1) from
17 the funds transferred between the districts in accordance with the
18 agreement.

19 SECTION 3.006. Section 11.158(a), Education Code, is
20 amended to read as follows:

21 (a) The board of trustees of an independent school district
22 may require payment of:

23 (1) a fee for materials used in any program in which
24 the resultant product in excess of minimum requirements becomes, at
25 the student's option, the personal property of the student, if the
26 fee does not exceed the cost of materials;

27 (2) membership dues in student organizations or clubs

1 and admission fees or charges for attending extracurricular
2 activities, if membership or attendance is voluntary;

3 (3) a security deposit for the return of materials,
4 supplies, or equipment;

5 (4) a fee for personal physical education and athletic
6 equipment and apparel, although any student may provide the
7 student's own equipment or apparel if it meets reasonable
8 requirements and standards relating to health and safety
9 established by the board;

10 (5) a fee for items of personal use or products that a
11 student may purchase at the student's option, such as student
12 publications, class rings, annuals, and graduation announcements;

13 (6) a fee specifically permitted by any other statute;

14 (7) a fee for an authorized voluntary student health
15 and accident benefit plan;

16 (8) a reasonable fee, not to exceed the actual annual
17 maintenance cost, for the use of musical instruments and uniforms
18 owned or rented by the district;

19 (9) a fee for items of personal apparel that become the
20 property of the student and that are used in extracurricular
21 activities;

22 (10) a parking fee or a fee for an identification card;

23 (11) a fee for a driver training course, not to exceed
24 the actual district cost per student in the program for the current
25 school year;

26 (12) a fee for a course offered for credit that
27 requires the use of facilities not available on the school premises

or the employment of an educator who is not part of the school's regular staff, if participation in the course is at the student's option;

(13) a fee for a course offered during summer school, except that the board may charge a fee for a course required for graduation only if the course is also offered without a fee during the regular school year;

(14) a reasonable fee for transportation of a student who lives within two miles of the school the student attends to and from that school, except that the board may not charge a fee for transportation for which the school district receives funds under Section 48.151(d) [~~42.155(d)~~];

(15) a reasonable fee, not to exceed \$50, for costs associated with an educational program offered outside of regular school hours through which a student who was absent from class receives instruction voluntarily for the purpose of making up the missed instruction and meeting the level of attendance required under Section 25.092; or

(16) if the district does not receive any funds under Section 48.151 [~~42.155~~] and does not participate in a county transportation system for which an allotment is provided under Section 48.151(i) [~~42.155(i)~~], a reasonable fee for the transportation of a student to and from the school the student attends.

SECTION 3.007. Section 11.174(a), Education Code, is amended to read as follows:

(a) A school district campus qualifies for an exemption from

1 intervention as provided by Subsection (f) and qualifies for
2 funding as provided by Section 48.252 [~~42.2511~~] if the board of
3 trustees of the district contracts to partner to operate the
4 district campus as provided by this section with:

5 (1) the governing body of an open-enrollment charter
6 school; or

7 (2) on approval by the commissioner, an entity granted
8 a charter by the district under Subchapter C, Chapter 12, that is
9 eligible to be awarded a charter under Section 12.101(a).

10 SECTION 3.008. Section 12.013(b), Education Code, is
11 amended to read as follows:

12 (b) A home-rule school district is subject to:

13 (1) a provision of this title establishing a criminal
14 offense;

15 (2) a provision of this title relating to limitations
16 on liability; and

17 (3) a prohibition, restriction, or requirement, as
18 applicable, imposed by this title or a rule adopted under this
19 title, relating to:

20 (A) the Public Education Information Management
21 System (PEIMS) to the extent necessary to monitor compliance with
22 this subchapter as determined by the commissioner;

23 (B) educator certification under Chapter 21 and
24 educator rights under Sections 21.407, 21.408, and 22.001;

25 (C) criminal history records under Subchapter C,
26 Chapter 22;

27 (D) student admissions under Section 25.001;

(E) school attendance under Sections 25.085, 25.086, and 25.087;

(F) inter-district or inter-county transfers of students under Subchapter B, Chapter 25;

(G) elementary class size limits under Section 25.112, in the case of any campus in the district that fails to satisfy any standard under Section 39.054(e);

(H) high school graduation under Section 28.025;

(I) special education programs under Subchapter A, Chapter 29;

(J) bilingual education under Subchapter B, Chapter 29;

(K) prekindergarten programs under Subchapter E, Chapter 29;

(L) safety provisions relating to the transportation of students under Sections 34.002, 34.003, 34.004, and 34.008;

(M) computation and distribution of state aid under Chapters 31, ~~[42, and]~~ 43, and 48;

(N) extracurricular activities under Section 33.081;

(O) health and safety under Chapter 38;

(P) public school accountability under Subchapters B, C, D, and J, Chapter 39, and Chapter 39A;

(Q) options for local revenue levels in excess of entitlement ~~[equalized wealth]~~ under Chapter 49 ~~[41]~~;

(R) a bond or other obligation or tax rate under

1 Chapters ~~[42,]~~ 43, ~~[and]~~ 45, and 48; and

2 (S) purchasing under Chapter 44.

3 SECTION 3.009. Section 12.029(b), Education Code, is
4 amended to read as follows:

5 (b) Except as provided by Subchapter H, Chapter 49 ~~[41]~~, if
6 two or more school districts having different status, one of which
7 is home-rule school district status, consolidate into a single
8 district, the petition under Section 13.003 initiating the
9 consolidation must state the status for the consolidated district.
10 The ballot shall be printed to permit voting for or against the
11 proposition: "Consolidation of (names of school districts) into a
12 single school district governed as (status of school district
13 specified in the petition)."

14 SECTION 3.010. Section 13.051(c), Education Code, is
15 amended to read as follows:

16 (c) Territory that does not have residents may be detached
17 from a school district and annexed to another school district if:

18 (1) the total taxable value of the property in the
19 territory according to the most recent certified appraisal roll for
20 each school district is not greater than:

21 (A) five percent of the district's taxable value
22 of all property in that district as determined under Subchapter M,
23 Chapter 403, Government Code; and

24 (B) \$5,000 property value per student in average
25 daily attendance as determined under Section 48.005 ~~[42.005]~~; and

26 (2) the school district from which the property will
27 be detached does not own any real property located in the territory.

SECTION 3.011. Section 13.054(i), Education Code, is amended to read as follows:

(i) The funding provided under Subsection (f), (g), or (h) is in addition to other funding the district receives through other provisions of this code, including Chapters 48 [~~41~~] and 49 [~~42~~].

SECTION 3.012. Sections 13.282(a) and (b), Education Code, are amended to read as follows:

(a) The amount of incentive aid payments may not exceed the difference between:

(1) the sum of the entitlements computed under Section 48.266 [~~42.253~~] that would have been paid to the districts included in the reorganized district if the districts had not been consolidated; and

(2) the amount to which the reorganized district is entitled under Section 48.266 [~~42.253~~].

(b) If the reorganized district is not eligible for an entitlement under Section 48.266 [~~42.253~~], the amount of the incentive aid payments may not exceed the sum of the entitlements computed under Section 48.266 [~~42.253~~] for which the districts included in the reorganized district were eligible in the school year when they were consolidated.

SECTION 3.013. Section 13.283, Education Code, is amended to read as follows:

Sec. 13.283. PAYMENTS REDUCED. The incentive aid payments shall be reduced in direct proportion to any reduction in the average daily attendance as determined under Section 48.005 [~~42.005~~] of the reorganized school district for the preceding year.

SECTION 3.014. Section 21.402(a), Education Code, is amended to read as follows:

(a) Except as provided by Subsection (e-1) or (f), a school district must pay each classroom teacher, full-time librarian, full-time school counselor certified under Subchapter B, or full-time school nurse not less than the minimum monthly salary, based on the employee's level of experience in addition to other factors, as determined by commissioner rule, determined by the following formula:

$$MS = SF \times FS$$

where:

"MS" is the minimum monthly salary;

"SF" is the applicable salary factor specified by Subsection (c); and

"FS" is the amount, as determined by the commissioner under Subsection (b), of the basic allotment as provided by Section 48.051(a) [~~42.101(a)~~] or (b) for a school district with a maintenance and operations tax rate at least equal to the state maximum compressed tax rate, as defined by Section 48.051(a) [~~42.101(a)~~].

SECTION 3.015. Section 21.4021(a), Education Code, is amended to read as follows:

(a) Notwithstanding Section 21.401 and subject to Section 21.4022, the board of trustees of a school district may, in accordance with district policy, implement a furlough program and reduce the number of days of service otherwise required under Section 21.401 by not more than six days of service during a school

1 year if the commissioner certifies in accordance with Section
2 48.010 [~~42.009~~] that the district will be provided with less state
3 and local funding for that year than was provided to the district
4 for the 2010-2011 school year.

5 SECTION 3.016. Section 25.001(a), Education Code, is
6 amended to read as follows:

7 (a) A person who, on the first day of September of any school
8 year, is at least five years of age and under 21 years of age, or is
9 at least 21 years of age and under 26 years of age and is admitted by
10 a school district to complete the requirements for a high school
11 diploma is entitled to the benefits of the available school fund for
12 that year. Any other person enrolled in a prekindergarten class
13 under Section 29.153 [~~or Subchapter E-1, Chapter 29,~~] is entitled
14 to the benefits of the available school fund.

15 SECTION 3.017. Section 25.008(b), Education Code, is
16 amended to read as follows:

17 (b) Subsection (a) does not apply to enrollment in a program
18 under Section 29.088 or [~~7~~] 29.090[~~, or 29.098~~] or in a similar
19 intensive program.

20 SECTION 3.018. Section 25.081(e), Education Code, is
21 amended to read as follows:

22 (e) A school district or education program is exempt from
23 the minimum minutes of operation requirement if the district's or
24 program's average daily attendance is calculated under Section
25 48.005(j) [~~42.005(j)~~].

26 SECTION 3.019. Section 25.081(f), Education Code, as added
27 by Chapter 851 (H.B. 2442), Acts of the 85th Legislature, Regular

Session, 2017, is amended to read as follows:

(f) The commissioner may proportionally reduce the amount of funding a district receives under Chapter ~~[41, 42, or]~~ 46, 48, or 49 and the average daily attendance calculation for the district if the district operates on a calendar that provides fewer minutes of operation than required under Subsection (a).

SECTION 3.020. Sections 25.112(a) and (b), Education Code, are amended to read as follows:

(a) Except as otherwise authorized by this section, a school district may not enroll more than 22 students in a kindergarten, first, second, third, or fourth grade class. That limitation does not apply during:

(1) any 12-week period of the school year selected by the district, in the case of a district whose average daily attendance is adjusted under Section 48.005(c) ~~[42.005(c)]~~; or

(2) the last 12 weeks of any school year in the case of any other district.

(b) Not later than the 30th day after the first day of the 12-week period for which a district whose average daily attendance is adjusted under Section 48.005(c) ~~[42.005(c)]~~ is claiming an exemption under Subsection (a), the district shall notify the commissioner in writing that the district is claiming an exemption for the period stated in the notice.

SECTION 3.021. Section 28.0061(b), Education Code, is amended to read as follows:

(b) A school district is eligible to participate in the pilot program if, as determined by the commissioner, the district

1 has low student performance on:

2 (1) a reading instrument administered in accordance
3 with Section 28.006(c) or (c-2); or

4 (2) a third grade reading assessment instrument
5 administered under Section 39.023(a).

6 SECTION 3.022. Section 28.0211(m-1), Education Code, is
7 amended to read as follows:

8 (m-1) For purposes of certification under Subsection (m),
9 the commissioner may not consider Foundation School Program funds
10 except for compensatory education funds under Section 48.104
11 [~~42.152~~]. This section may be implemented only if the commissioner
12 certifies that sufficient funds have been appropriated during a
13 school year for administering the accelerated instruction programs
14 specified under this section and Section 28.0217, including teacher
15 training for that purpose.

16 SECTION 3.023. Section 29.001, Education Code, is amended
17 to read as follows:

18 Sec. 29.001. STATEWIDE PLAN. The agency shall develop, and
19 modify as necessary, a statewide design, consistent with federal
20 law, for the delivery of services to children with disabilities in
21 this state that includes rules for the administration and funding
22 of the special education program so that a free appropriate public
23 education is available to all of those children between the ages of
24 three and 21. The statewide design shall include the provision of
25 services primarily through school districts and shared services
26 arrangements, supplemented by regional education service
27 centers. The agency shall also develop and implement a statewide

1 plan with programmatic content that includes procedures designed
2 to:

3 (1) ensure state compliance with requirements for
4 supplemental federal funding for all state-administered programs
5 involving the delivery of instructional or related services to
6 students with disabilities;

7 (2) facilitate interagency coordination when other
8 state agencies are involved in the delivery of instructional or
9 related services to students with disabilities;

10 (3) periodically assess statewide personnel needs in
11 all areas of specialization related to special education and pursue
12 strategies to meet those needs through a consortium of
13 representatives from regional education service centers, local
14 education agencies, and institutions of higher education and
15 through other available alternatives;

16 (4) ensure that regional education service centers
17 throughout the state maintain a regional support function, which
18 may include direct service delivery and a component designed to
19 facilitate the placement of students with disabilities who cannot
20 be appropriately served in their resident districts;

21 (5) allow the agency to effectively monitor and
22 periodically conduct site visits of all school districts to ensure
23 that rules adopted under this section are applied in a consistent
24 and uniform manner, to ensure that districts are complying with
25 those rules, and to ensure that annual statistical reports filed by
26 the districts and not otherwise available through the Public
27 Education Information Management System under Sections 48.008 and

1 48.009 [~~Section 42.006~~] are accurate and complete;

2 (6) ensure that appropriately trained personnel are
3 involved in the diagnostic and evaluative procedures operating in
4 all districts and that those personnel routinely serve on district
5 admissions, review, and dismissal committees;

6 (7) ensure that an individualized education program
7 for each student with a disability is properly developed,
8 implemented, and maintained in the least restrictive environment
9 that is appropriate to meet the student's educational needs;

10 (8) ensure that, when appropriate, each student with a
11 disability is provided an opportunity to participate in career and
12 technology and physical education classes, in addition to
13 participating in regular or special classes;

14 (9) ensure that each student with a disability is
15 provided necessary related services;

16 (10) ensure that an individual assigned to act as a
17 surrogate parent for a child with a disability, as provided by 20
18 U.S.C. Section 1415(b), is required to:

19 (A) complete a training program that complies
20 with minimum standards established by agency rule;

21 (B) visit the child and the child's school;

22 (C) consult with persons involved in the child's
23 education, including teachers, caseworkers, court-appointed
24 volunteers, guardians ad litem, attorneys ad litem, foster parents,
25 and caretakers;

26 (D) review the child's educational records;

27 (E) attend meetings of the child's admission,

1 review, and dismissal committee;

2 (F) exercise independent judgment in pursuing
3 the child's interests; and

4 (G) exercise the child's due process rights under
5 applicable state and federal law; and

6 (11) ensure that each district develops a process to
7 be used by a teacher who instructs a student with a disability in a
8 regular classroom setting:

9 (A) to request a review of the student's
10 individualized education program;

11 (B) to provide input in the development of the
12 student's individualized education program;

13 (C) that provides for a timely district response
14 to the teacher's request; and

15 (D) that provides for notification to the
16 student's parent or legal guardian of that response.

17 SECTION 3.024. Section 29.002, Education Code, is amended
18 to read as follows:

19 Sec. 29.002. DEFINITION. In this subchapter, "special
20 services" means:

21 (1) special education instruction, which may be
22 provided by professional and supported by paraprofessional
23 personnel in the regular classroom or in an instructional
24 arrangement described by Section 48.102 [~~42.151~~]; and

25 (2) related services, which are developmental,
26 corrective, supportive, or evaluative services, not instructional
27 in nature, that may be required for the student to benefit from

1 special education instruction and for implementation of a student's
2 individualized education program.

3 SECTION 3.025. Section 29.008(b), Education Code, is
4 amended to read as follows:

5 (b) Except as provided by Subsection (c), costs of an
6 approved contract for residential placement may be paid from a
7 combination of federal, state, and local funds. The local share of
8 the total contract cost for each student is that portion of the
9 local tax effort that exceeds the district's local fund assignment
10 under Section 48.256 [~~42.252~~], divided by the average daily
11 attendance in the district. If the contract involves a private
12 facility, the state share of the total contract cost is that amount
13 remaining after subtracting the local share. If the contract
14 involves a public facility, the state share is that amount
15 remaining after subtracting the local share from the portion of the
16 contract that involves the costs of instructional and related
17 services. For purposes of this subsection, "local tax effort"
18 means the total amount of money generated by taxes imposed for debt
19 service and maintenance and operation less any amounts paid into a
20 tax increment fund under Chapter 311, Tax Code.

21 SECTION 3.026. Section 29.014(d), Education Code, is
22 amended to read as follows:

23 (d) The basic allotment for a student enrolled in a district
24 to which this section applies is adjusted by[+]

25 [~~(1) the cost of education adjustment under Section~~
26 ~~42.102 for the school district in which the district is~~
27 ~~geographically located, and~~

1 ~~[(2)]~~ the weight for a homebound student under Section
2 48.102(a) ~~[42.151(a)]~~.

3 SECTION 3.027. Section 29.018(b), Education Code, is
4 amended to read as follows:

5 (b) A school district is eligible to apply for a grant under
6 this section if:

7 (1) the district does not receive sufficient funds,
8 including state funds provided under Section 48.102 ~~[42.151]~~ and
9 federal funds, for a student with disabilities to pay for the
10 special education services provided to the student; or

11 (2) the district does not receive sufficient funds,
12 including state funds provided under Section 48.102 ~~[42.151]~~ and
13 federal funds, for all students with disabilities in the district
14 to pay for the special education services provided to the students.

15 SECTION 3.028. Section 29.022(u)(3), Education Code, is
16 amended to read as follows:

17 (3) "Self-contained classroom" does not include a
18 classroom that is a resource room instructional arrangement under
19 Section 48.102 ~~[42.151]~~.

20 SECTION 3.029. Section 29.081(b-2), Education Code, is
21 amended to read as follows:

22 (b-2) A district that is required to provide accelerated
23 instruction under Subsection (b-1) shall separately budget
24 sufficient funds, including funds under Section 48.104 ~~[42.152]~~,
25 for that purpose. ~~[A district may not budget funds received under~~
26 ~~Section 42.152 for any other purpose until the district adopts a~~
27 ~~budget to support additional accelerated instruction under~~

1 ~~Subsection (b-1).]~~

2 SECTION 3.030. Section 29.082(a), Education Code, is
3 amended to read as follows:

4 (a) A school district may set aside an amount from the
5 district's allotment under Section 48.104 ~~[42.152]~~ or may apply to
6 the agency for funding of an extended year program for a period not
7 to exceed 30 instructional days for students in:

8 (1) kindergarten through grade 11 who are identified
9 as likely not to be promoted to the next grade level for the
10 succeeding school year; or

11 (2) grade 12 who are identified as likely not to
12 graduate from high school before the beginning of the succeeding
13 school year.

14 SECTION 3.031. Section 29.086(e), Education Code, is
15 amended to read as follows:

16 (e) The amount of a grant under this section must take into
17 account funds distributed to the school district under Chapter 48
18 ~~[42]~~.

19 SECTION 3.032. Sections 29.087(h) and (j), Education Code,
20 are amended to read as follows:

21 (h) A student who has received a high school equivalency
22 certificate is entitled to enroll in a public school as authorized
23 by Section 25.001 and is entitled to the benefits of the Foundation
24 School Program under Section 48.003 ~~[42.003]~~ in the same manner as
25 any other student who has not received a high school diploma.

26 (j) For purposes of funding under Chapters ~~[41, 42, and]~~ 46,
27 48, and 49, a student attending a program authorized by this section

1 may be counted in attendance only for the actual number of hours
2 each school day the student attends the program, in accordance with
3 Section 25.081.

4 SECTION 3.033. Section 29.089(b), Education Code, is
5 amended to read as follows:

6 (b) The commissioner, in consultation with the governor,
7 lieutenant governor, and speaker of the house of representatives,
8 by rule shall determine accountability standards under this section
9 for a school district providing a mentoring services program using
10 funds allocated under Section 48.104 [~~42.152~~].

11 SECTION 3.034. Sections 29.203(b) and (c), Education Code,
12 are amended to read as follows:

13 (b) A school district is entitled to the allotment provided
14 by Section 48.107 [~~42.157~~] for each eligible student using a public
15 education grant. If the district has a local revenue level [~~wealth~~
16 ~~per student~~] greater than the guaranteed local revenue [~~wealth~~]
17 level but less than the [~~equalized wealth~~] level established under
18 Section 48.257, a school district is entitled under rules adopted
19 by the commissioner to additional state aid in an amount equal to
20 the difference between the cost to the district of providing
21 services to a student using a public education grant and the sum of
22 the state aid received because of the allotment under Section
23 48.107 [~~42.157~~] and money from the available school fund
24 attributable to the student.

25 (c) A school district is entitled to additional facilities
26 assistance under Section 48.301 [~~42.4101~~] if the district agrees
27 to:

(1) accept a number of students using public education grants that is at least one percent of the district's average daily attendance for the preceding school year; and

(2) provide services to each student until the student either voluntarily decides to attend a school in a different district or graduates from high school.

SECTION 3.035. Section 29.203(g)(2), Education Code, is amended to read as follows:

(2) "Guaranteed local revenue ~~[wealth]~~ level" means a local revenue level ~~[wealth per student]~~ equal to the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, as provided by Section 48.202 ~~[42.302]~~, multiplied by 10,000.

SECTION 3.036. Section 29.403(b), Education Code, is amended to read as follows:

(b) A student who is enrolled in a program under this subchapter is included in determining the average daily attendance under Section 48.005 ~~[42.005]~~ of the partnering school district.

SECTION 3.037. Sections 29.918(a) and (b), Education Code, are amended to read as follows:

(a) Notwithstanding Section 48.104 ~~[39.234 or 42.152]~~, a school district or open-enrollment charter school with a high dropout rate, as determined by the commissioner, must submit a plan to the commissioner describing the manner in which the district or charter school intends to use the compensatory education allotment under Section 48.104 ~~[42.152 and the high school allotment under Section 42.160]~~ for developing and implementing research-based

1 strategies for dropout prevention. The district or charter school
2 shall submit the plan not later than December 1 of each school year
3 preceding the school year in which the district or charter school
4 will receive the compensatory education allotment [~~or high school~~
5 ~~allotment~~] to which the plan applies.

6 (b) A school district or open-enrollment charter school to
7 which this section applies may not spend or obligate more than 25
8 percent of the district's or charter school's compensatory
9 education allotment [~~or high school allotment~~] unless the
10 commissioner approves the plan submitted under Subsection
11 (a). The commissioner shall complete an initial review of the
12 district's or charter school's plan not later than March 1 of the
13 school year preceding the school year in which the district or
14 charter school will receive the compensatory education allotment
15 [~~or high school allotment~~] to which the plan applies.

16 SECTION 3.038. Section 30A.002(a), Education Code, is
17 amended to read as follows:

18 (a) A student is eligible to enroll in a course provided
19 through the state virtual school network only if the student:

20 (1) on September 1 of the school year:

21 (A) is younger than 21 years of age; or

22 (B) is younger than 26 years of age and entitled
23 to the benefits of the Foundation School Program under Section
24 48.003 [~~42.003~~];

25 (2) has not graduated from high school; and

26 (3) is otherwise eligible to enroll in a public school
27 in this state.

SECTION 3.039. Section 30A.153(a), Education Code, is amended to read as follows:

(a) Subject to the limitation imposed under Subsection (a-1), a school district or open-enrollment charter school in which a student is enrolled is entitled to funding under Chapter 48 [~~42~~] or in accordance with the terms of a charter granted under Section 12.101 for the student's enrollment in an electronic course offered through the state virtual school network in the same manner that the district or school is entitled to funding for the student's enrollment in courses provided in a traditional classroom setting, provided that the student successfully completes the electronic course.

SECTION 3.040. Section 34.002(c), Education Code, is amended to read as follows:

(c) A school district that fails or refuses to meet the safety standards for school buses established under this section is ineligible to share in the transportation allotment under Section 48.151 [~~42.155~~] until the first anniversary of the date the district begins complying with the safety standards.

SECTION 3.041. Section 37.0061, Education Code, is amended to read as follows:

Sec. 37.0061. FUNDING FOR ALTERNATIVE EDUCATION SERVICES IN JUVENILE RESIDENTIAL FACILITIES. A school district that provides education services to pre-adjudicated and post-adjudicated students who are confined by court order in a juvenile residential facility operated by a juvenile board is entitled to count such students in the district's average daily attendance for purposes of

1 receipt of state funds under the Foundation School Program. If the
2 district has a local revenue level [~~wealth per student~~] greater
3 than the guaranteed local revenue [~~wealth~~] level but less than the
4 [~~equalized wealth~~] level established under Section 48.257, the
5 district in which the student is enrolled on the date a court orders
6 the student to be confined to a juvenile residential facility shall
7 transfer to the district providing education services an amount
8 equal to the difference between the average Foundation School
9 Program costs per student of the district providing education
10 services and the sum of the state aid and the money from the
11 available school fund received by the district that is attributable
12 to the student for the portion of the school year for which the
13 district provides education services to the student.

14 SECTION 3.042. Section 37.011(h), Education Code, is
15 amended to read as follows:

16 (h) Academically, the mission of juvenile justice
17 alternative education programs shall be to enable students to
18 perform at grade level. For purposes of accountability under
19 Chapters 39 and 39A, a student enrolled in a juvenile justice
20 alternative education program is reported as if the student were
21 enrolled at the student's assigned campus in the student's
22 regularly assigned education program, including a special
23 education program. Annually the Texas Juvenile Justice
24 Department, with the agreement of the commissioner, shall develop
25 and implement a system of accountability consistent with Chapters
26 39 and 39A, where appropriate, to assure that students make
27 progress toward grade level while attending a juvenile justice

1 alternative education program. The department shall adopt rules
2 for the distribution of funds appropriated under this section to
3 juvenile boards in counties required to establish juvenile justice
4 alternative education programs. Except as determined by the
5 commissioner, a student served by a juvenile justice alternative
6 education program on the basis of an expulsion required under
7 Section 37.007(a), (d), or (e) is not eligible for Foundation
8 School Program funding under Chapter ~~[42-or]~~ 31 or 48 if the
9 juvenile justice alternative education program receives funding
10 from the department under this subchapter.

11 SECTION 3.043. Section 39.0233(a), Education Code, is
12 amended to read as follows:

13 (a) The agency, in coordination with the Texas Higher
14 Education Coordinating Board, shall adopt a series of questions to
15 be included in an end-of-course assessment instrument administered
16 under Section 39.023(c) to be used for purposes of Subchapter F-1,
17 Chapter 51. The questions adopted under this subsection must be
18 developed in a manner consistent with any college readiness
19 standards adopted under ~~[Section 39.233 and]~~ Subchapter F-1,
20 Chapter 51.

21 SECTION 3.044. Section 39.027(f), Education Code, is
22 amended to read as follows:

23 (f) In this section, "average daily attendance" is computed
24 in the manner provided by Section 48.005 ~~[42.005]~~.

25 SECTION 3.045. Section 39.408, Education Code, is amended
26 to read as follows:

27 Sec. 39.408. ELIGIBILITY CRITERIA FOR CERTAIN GRANT

PROGRAMS. A school district or campus is eligible to participate in programs under Sections 21.4541, 29.095, and 29.096[, ~~29.097, and 29.098~~] if the district or campus exhibited during each of the three preceding school years characteristics that strongly correlate with high dropout rates.

SECTION 3.046. Section 39.413, Education Code, is amended to read as follows:

Sec. 39.413. FUNDING FOR CERTAIN PROGRAMS. (a) From funds appropriated, the Texas Higher Education Coordinating Board shall allocate \$8.75 million each year to establish mathematics, science, and technology teacher preparation academies under Section 61.0766[, ~~provide funding to the commissioner of education to implement and administer the program under Section 29.098,~~] and award grants under Section 61.0762(a)(3).

(b) The Texas Higher Education Coordinating Board shall establish mathematics, science, and technology teacher preparation academies under Section 61.0766[, ~~provide funding to the commissioner of education to implement and administer the program under Section 29.098,~~] and award grants under Section 61.0762(a)(3) in a manner consistent with the goals of this subchapter and the goals in "Closing the Gaps," the state's master plan for higher education.

SECTION 3.047. Section 39A.903, Education Code, is amended to read as follows:

Sec. 39A.903. COSTS PAID BY SCHOOL DISTRICT. The costs of providing a monitor, conservator, management team, campus intervention team, technical assistance team, managing entity, or

1 service provider under this chapter shall be paid by the school
2 district. If the district fails or refuses to pay the costs in a
3 timely manner, the commissioner may:

4 (1) pay the costs using amounts withheld from any
5 funds to which the district is otherwise entitled; or

6 (2) recover the amount of the costs in the manner
7 provided for recovery of an overallocation of state funds under
8 Section 48.272 [~~42.258~~].

9 SECTION 3.048. Section 43.002(b), Education Code, is
10 amended to read as follows:

11 (b) Of the amounts available for transfer from the general
12 revenue fund to the available school fund for the months of January
13 and February of each fiscal year, no more than the amount necessary
14 to enable the comptroller to distribute from the available school
15 fund an amount equal to 9-1/2 percent of the estimated annual
16 available school fund apportionment to category 1 school districts,
17 as defined by Section 48.273 [~~42.259~~], and 3-1/2 percent of the
18 estimated annual available school fund apportionment to category 2
19 school districts, as defined by Section 48.273 [~~42.259~~], may be
20 transferred from the general revenue fund to the available school
21 fund. Any remaining amount that would otherwise be available for
22 transfer for the months of January and February shall be
23 transferred from the general revenue fund to the available school
24 fund in equal amounts in June and in August of the same fiscal year.

25 SECTION 3.049. Section 44.0011, Education Code, is amended
26 to read as follows:

27 Sec. 44.0011. FISCAL YEAR. The fiscal year of a school

1 district begins on July 1 or September 1 of each year, as determined
2 by the board of trustees of the district. The commissioner may adopt
3 rules concerning the submission of information by a district under
4 Chapter 39, 39A, or 48 [42] based on the fiscal year of the
5 district.

6 SECTION 3.050. Section 44.051, Education Code, is amended
7 to read as follows:

8 Sec. 44.051. INTERFERENCE WITH OPERATION OF FOUNDATION
9 SCHOOL PROGRAM. An offense under Section 37.10, Penal Code, is a
10 felony of the third degree if it is shown on trial of the offense
11 that the governmental record was a record, form, report, or budget
12 required under Chapter 48 [42] or rules adopted under that chapter.
13 If the actor's intent is to defraud the state or the public school
14 system, the offense is a felony of the second degree.

15 SECTION 3.051. Section 45.0011(e), Education Code, is
16 amended to read as follows:

17 (e) In this section, average daily attendance is determined
18 in the manner provided by Section 48.005 [42.005].

19 SECTION 3.052. Sections 45.0031(b) and (c), Education Code,
20 are amended to read as follows:

21 (b) A district may demonstrate the ability to comply with
22 Subsection (a) by using the most recent taxable value of property in
23 the district, combined with state assistance to which the district
24 is entitled under Chapter [42-~~or~~] 46 or 48 that may be lawfully used
25 for the payment of bonds.

26 (c) A district may demonstrate the ability to comply with
27 Subsection (a) by using a projected future taxable value of

1 property in the district anticipated for the earlier of the tax year
 2 five years after the current tax year or the tax year in which the
 3 final payment is due for the bonds submitted to the attorney
 4 general, combined with state assistance to which the district is
 5 entitled under Chapter [~~42 or~~] 46 or 48 that may be lawfully used
 6 for the payment of bonds. The district must submit to the attorney
 7 general a certification of the district's projected taxable value
 8 of property that is prepared by a registered professional appraiser
 9 certified under Chapter 1151, Occupations Code, who has
 10 demonstrated professional experience in projecting taxable values
 11 of property or who can by contract obtain any necessary assistance
 12 from a person who has that experience. To demonstrate the
 13 professional experience required by this subsection, a registered
 14 professional appraiser must provide to the district written
 15 documentation relating to two previous projects for which the
 16 appraiser projected taxable values of property. Until the bonds
 17 submitted to the attorney general are approved or disapproved, the
 18 district must maintain the documentation and on request provide the
 19 documentation to the attorney general or comptroller. The
 20 certification of the district's projected taxable value of property
 21 must be signed by the district's superintendent. The attorney
 22 general must base a determination of whether the district has
 23 complied with Subsection (a) on a taxable value of property that is
 24 equal to 90 percent of the value certified under this subsection.

25 SECTION 3.053. Section 45.251(2), Education Code, is
 26 amended to read as follows:

27 (2) "Foundation School Program" means the program

1 established under Chapters ~~[41, 42, and]~~ 46, 48, and 49, or any
2 successor program of state appropriated funding for school
3 districts in this state.

4 SECTION 3.054. Section 45.259(d), Education Code, is
5 amended to read as follows:

6 (d) If money appropriated for the Foundation School Program
7 is used for purposes of this subchapter and as a result there is
8 insufficient money to fully fund the Foundation School Program, the
9 commissioner shall, to the extent necessary, reduce each school
10 district's foundation school fund allocations, other than any
11 portion appropriated from the available school fund, in the same
12 manner provided by Section 48.266(f) ~~[42.253(h)]~~ for a case in
13 which school district entitlements exceed the amount
14 appropriated. The following fiscal year, a district's entitlement
15 under Section 48.266 ~~[42.253]~~ is increased by an amount equal to the
16 reduction under this subsection.

17 SECTION 3.055. Section 45.261(a), Education Code, is
18 amended to read as follows:

19 (a) If the commissioner orders payment from the money
20 appropriated to the Foundation School Program on behalf of a school
21 district that is not required to reduce its local revenue level
22 ~~[wealth per student]~~ under Section 48.257 ~~[Chapter 41]~~, the
23 commissioner shall direct the comptroller to withhold the amount
24 paid from the first state money payable to the district. If the
25 commissioner orders payment from the money appropriated to the
26 Foundation School Program on behalf of a school district that is
27 required to reduce its local revenue level ~~[wealth per student]~~

1 under Section 48.257 [~~Chapter 41~~], the commissioner shall increase
2 amounts due from the district under Chapter 49 [~~that chapter~~] in a
3 total amount equal to the amount of payments made on behalf of the
4 district under this subchapter. Amounts withheld or received
5 under this subsection shall be used for the Foundation School
6 Program.

7 SECTION 3.056. Section 45.263(b), Education Code, is
8 amended to read as follows:

9 (b) In adopting rules under Subsection (a), the
10 commissioner shall establish an annual deadline by which a school
11 district must pay the debt service on bonds for which credit
12 enhancement is provided under this subchapter. The deadline
13 established may not be later than the 10th day before the date
14 specified under Section 48.273 [~~42.259~~] for payment to school
15 districts of the final Foundation School Program installment for a
16 state fiscal year.

17 SECTION 3.057. Section 46.003(a), Education Code, is
18 amended to read as follows:

19 (a) For each year, except as provided by Sections 46.005 and
20 46.006, a school district is guaranteed a specified amount per
21 student in state and local funds for each cent of tax effort, up to
22 the maximum rate under Subsection (b), to pay the principal of and
23 interest on eligible bonds issued to construct, acquire, renovate,
24 or improve an instructional facility. The amount of state support
25 is determined by the formula:

26
$$\text{FYA} = (\text{FYL} \times \text{ADA} \times \text{BTR} \times 100) - (\text{BTR} \times (\text{DPV}/100))$$

27 where:

"FYA" is the guaranteed facilities yield amount of state funds allocated to the district for the year;

"FYL" is the dollar amount guaranteed level of state and local funds per student per cent of tax effort, which is \$35 or a greater amount for any year provided by appropriation;

"ADA" is the greater of the number of students in average daily attendance, as determined under Section 48.005 [~~42.005~~], in the district or 400;

"BTR" is the district's bond tax rate for the current year, which is determined by dividing the amount budgeted by the district for payment of eligible bonds by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, Section 48.258 [~~42.2521~~], divided by 100; and

"DPV" is the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, Section 48.258 [~~42.2521~~].

SECTION 3.058. Section 46.006(g), Education Code, is amended to read as follows:

(g) In this section, "wealth per student" means a school district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, Section 48.258 [~~42.2521~~], divided by the district's average daily attendance as determined under Section 48.005 [~~42.005~~].

SECTION 3.059. Sections 46.009(b), (c), (e), and (f), Education Code, are amended to read as follows:

(b) If the amount appropriated for purposes of this

subchapter for a year is less than the total amount determined under Subsection (a) for that year, the commissioner shall:

(1) transfer from the Foundation School Program to the instructional facilities program the amount by which the total amount determined under Subsection (a) exceeds the amount appropriated; and

(2) reduce each district's foundation school fund allocations in the manner provided by Section 48.266(f) [~~42.253(h)~~].

(c) Warrants for payments under this subchapter shall be approved and transmitted to school district treasurers or depositories in the same manner as warrants for payments under Chapter 48 [~~42~~].

(e) Section 48.272 [~~42.258~~] applies to payments under this subchapter.

(f) If a school district would have received a greater amount under this subchapter for the applicable school year using the adjusted value determined under Section 48.271 [~~42.257~~], the commissioner shall add the difference between the adjusted value and the amount the district received under this subchapter to subsequent distributions to the district under this subchapter.

SECTION 3.060. Section 46.0111(e), Education Code, is amended to read as follows:

(e) The state's share is state property. The school district shall send to the comptroller any portion of the state's share not used by the school district to repair the defective design, construction, renovation, or improvement of the

1 instructional facility on which the action is brought or to replace
2 the facility. Section 48.272 [~~42.258~~] applies to the state's share
3 under this subsection.

4 SECTION 3.061. Section 46.013, Education Code, is amended
5 to read as follows:

6 Sec. 46.013. MULTIPLE ALLOTMENTS PROHIBITED. A school
7 district is not entitled to state assistance under this subchapter
8 based on taxes with respect to which the district receives state
9 assistance under Subchapter E [~~F~~], Chapter 48 [~~42~~].

10 SECTION 3.062. Section 46.032(a), Education Code, is
11 amended to read as follows:

12 (a) Each school district is guaranteed a specified amount
13 per student in state and local funds for each cent of tax effort to
14 pay the principal of and interest on eligible bonds. The amount of
15 state support, subject only to the maximum amount under Section
16 46.034, is determined by the formula:

$$\text{EDA} = (\text{EDGL} \times \text{ADA} \times \text{EDTR} \times 100) - (\text{EDTR} \times (\text{DPV}/100))$$

18 where:

19 "EDA" is the amount of state funds to be allocated to the
20 district for assistance with existing debt;

21 "EDGL" is the dollar amount guaranteed level of state and
22 local funds per student per cent of tax effort, which is the lesser
23 of:

24 (1) \$40 or a greater amount for any year provided by
25 appropriation; or

26 (2) the amount that would result in a total additional
27 amount of state funds under this subchapter for the current year

equal to \$60 million in excess of the state funds to which school districts would have been entitled under this section if the guaranteed level amount were \$35;

"ADA" is the number of students in average daily attendance, as determined under Section 48.005 [~~42.005~~], in the district;

"EDTR" is the existing debt tax rate of the district, which is determined by dividing the amount budgeted by the district for payment of eligible bonds by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 48.258 [~~42.2521~~], divided by 100; and

"DPV" is the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 48.258 [~~42.2521~~].

SECTION 3.063. Section 46.037, Education Code, is amended to read as follows:

Sec. 46.037. MULTIPLE ALLOTMENTS PROHIBITED. A school district is not entitled to state assistance under this subchapter based on taxes with respect to which the district receives state assistance under Subchapter E [~~F~~], Chapter 48 [~~42~~].

SECTION 3.064. Section 61.0766(e), Education Code, is amended to read as follows:

(e) An academy program may:

(1) provide financial assistance for the purpose of allowing participants to complete the program [~~and obtain a master teacher certificate under Section 21.0482, 21.0483, or 21.0484~~];

(2) include programs in leadership skills to develop

1 training, mentoring, and coaching skills;

2 (3) deliver coursework electronically for some or all
3 of the program; and

4 (4) provide for ongoing professional development and
5 coordination with specific public school instructional programs.

6 SECTION 3.065. Section 79.10(f), Education Code, is amended
7 to read as follows:

8 (f) For each student enrolled in the academy, the academy is
9 entitled to allotments from the foundation school fund under
10 Chapter 48 ~~[42]~~ as if the academy were a school district without a
11 tier one local share for purposes of Section 48.266 ~~[42.253]~~. If
12 in any academic year the amount of the allotments under this
13 subsection exceeds the amount of state funds paid to the academy in
14 the first fiscal year of the academy's operation, the commissioner
15 of education shall set aside from the total amount of funds to which
16 school districts are entitled under Section 48.266(c) ~~[42.253(c)]~~
17 an amount equal to the excess amount and shall distribute that
18 amount to the academy. After deducting the amount set aside and
19 paid to the academy by the commissioner of education under this
20 subsection, the commissioner of education shall reduce the amount
21 to which each district is entitled under Section 48.266(c)
22 ~~[42.253(c)]~~ in the manner described by Section 48.266(f)
23 ~~[42.253(h)]~~. A determination of the commissioner of education
24 under this subsection is final and may not be appealed.

25 SECTION 3.066. Section 87.208, Education Code, is amended
26 to read as follows:

27 Sec. 87.208. SEABORNE CONSERVATION CORPS. If the board of

regents of The Texas A&M University System administers a program that is substantially similar to the Seaborne Conservation Corps as it was administered by the board during the 1998-1999 school year, the program is entitled, for each student enrolled, to allotments from the Foundation School Program under Chapter 48 ~~[42]~~ as if the program were a school district, except that the program has a local share applied that is equivalent to the local fund assignment of the school district in which the principal facilities of the program are located.

SECTION 3.067. Section 87.505(g), Education Code, is amended to read as follows:

(g) For each student enrolled in the academy, the academy is entitled to allotments from the foundation school fund under Chapter 48 ~~[42]~~ as if the academy were a school district without a tier one local share for purposes of Section 48.266 ~~[42.253]~~. If in any academic year the amount of the allotments under this subsection exceeds the amount of state funds paid to the academy in the first fiscal year of the academy's operation, the commissioner of education shall set aside from the total amount of funds to which school districts are entitled under Section 48.266(c) ~~[42.253(c)]~~ an amount equal to the excess amount and shall distribute that amount to the academy. After deducting the amount set aside and paid to the academy by the commissioner of education under this subsection, the commissioner of education shall reduce the amount to which each district is entitled under Section 48.266(c) ~~[42.253(c)]~~ in the manner described by Section 48.266(f) ~~[42.253(h)]~~. A determination of the commissioner of education

under this subsection is final and may not be appealed.

SECTION 3.068. Section 96.707(k), Education Code, is amended to read as follows:

(k) For each student enrolled in the academy, the academy is entitled to allotments from the Foundation School Program under Chapter 48 [~~42~~] as if the academy were a school district without a tier one local share for purposes of Section 48.266 [~~42.253~~].

SECTION 3.069. Sections 105.301(e) and (f), Education Code, are amended to read as follows:

(e) The academy is not subject to the provisions of this code, or to the rules of the Texas Education Agency, regulating public schools, except that:

(1) professional employees of the academy are entitled to the limited liability of an employee under Section 22.0511, 22.0512, or 22.052;

(2) a student's attendance at the academy satisfies compulsory school attendance requirements; and

(3) for each student enrolled, the academy is entitled to allotments from the foundation school program under Chapter 48 [~~42~~] as if the academy were a school district without a tier one local share for purposes of Section 48.266 [~~42.253~~].

(f) If in any academic year the amount of the allotments under Subsection (e)(3) exceeds the amount of state funds paid to the academy under this section in the fiscal year ending August 31, 2003, the commissioner shall set aside from the total amount of funds to which school districts are entitled under Section 48.266(c) [~~42.253(c)~~] an amount equal to the excess amount and

1 shall distribute that amount to the academy. After deducting the
2 amount set aside and paid to the academy by the commissioner under
3 this subsection, the commissioner shall reduce the amount to which
4 each district is entitled under Section 48.266(c) [~~42.253(c)~~] in
5 the manner described by Section 48.266(f) [~~42.253(h)~~]. A
6 determination of the commissioner under this section is final and
7 may not be appealed.

8 SECTION 3.070. Section 317.005(f), Government Code, is
9 amended to read as follows:

10 (f) The governor or board may adopt an order under this
11 section withholding or transferring any portion of the total amount
12 appropriated to finance the foundation school program for a fiscal
13 year. The governor or board may not adopt such an order if it would
14 result in an allocation of money between particular programs or
15 statutory allotments under the foundation school program contrary
16 to the statutory proration formula provided by Section 48.266(f)
17 [~~42.253(h)~~], Education Code. The governor or board may transfer an
18 amount to the total amount appropriated to finance the foundation
19 school program for a fiscal year and may increase the basic
20 allotment. The governor or board may adjust allocations of amounts
21 between particular programs or statutory allotments under the
22 foundation school program only for the purpose of conforming the
23 allocations to actual pupil enrollments or attendance.

24 SECTION 3.071. Section 403.093(d), Government Code, as
25 amended by Chapters 581 (S.B. 810) and 705 (H.B. 3526), Acts of the
26 85th Legislature, Regular Session, 2017, is reenacted and amended
27 to read as follows:

1 (d) The comptroller shall transfer from the general revenue
2 fund to the foundation school fund an amount of money necessary to
3 fund the foundation school program as provided by Chapter 48 [~~42~~],
4 Education Code. The comptroller shall make the transfers in
5 installments as necessary to comply with Section 48.273 [~~42.259~~],
6 Education Code, and permit the Texas Education Agency, to the
7 extent authorized by the General Appropriations Act, to make
8 temporary transfers from the foundation school fund for payment of
9 the instructional materials and technology allotment under Section
10 31.0211, Education Code. Unless an earlier date is necessary for
11 purposes of temporary transfers for payment of the instructional
12 materials and technology allotment, an installment must be made not
13 earlier than two days before the date an installment to school
14 districts is required by Section 48.273 [~~42.259~~], Education Code,
15 and must not exceed the amount necessary for that payment and any
16 temporary transfers for payment of the instructional materials and
17 technology allotment.

18 SECTION 3.072. Section 403.302(a), Government Code, is
19 amended to read as follows:

20 (a) The comptroller shall conduct a study using comparable
21 sales and generally accepted auditing and sampling techniques to
22 determine the total taxable value of all property in each school
23 district. The study shall determine the taxable value of all
24 property and of each category of property in the district and the
25 productivity value of all land that qualifies for appraisal on the
26 basis of its productive capacity and for which the owner has applied
27 for and received a productivity appraisal. The comptroller shall

1 make appropriate adjustments in the study to account for actions
2 taken under Chapter 49 [~~41~~], Education Code.

3 SECTION 3.073. Section 403.303(b), Government Code, is
4 amended to read as follows:

5 (b) After receipt of a petition, the comptroller shall hold
6 a hearing. The comptroller has the burden to prove the accuracy of
7 the findings. Until a final decision is made by the comptroller,
8 the taxable value of property in the district is determined, with
9 respect to property subject to the protest, according to the value
10 claimed by the school district or property owner, except that the
11 value to be used while a final decision is pending may not be less
12 than the appraisal roll value for the year of the study. If after a
13 hearing the comptroller concludes that the findings should be
14 changed, the comptroller shall order the appropriate changes and
15 shall certify to the commissioner of education the changes in the
16 values of the school district that brought the protest, the values
17 of the school district named by the property owner who brought the
18 protest, or, if the comptroller by rule allows an appraisal
19 district to bring a protest, the values of the school district named
20 by the appraisal district that brought the protest. The
21 comptroller may not order a change in the values of a school
22 district as a result of a protest brought by another school
23 district, a property owner in the other school district, or an
24 appraisal district that appraises property for the other school
25 district. The comptroller shall complete all protest hearings and
26 certify all changes as necessary to comply with Chapter 48 [~~42~~],
27 Education Code. A hearing conducted under this subsection is not a

1 contested case for purposes of Section 2001.003.

2 SECTION 3.074. Section 404.121(1), Government Code, is
3 amended to read as follows:

4 (1) "Cash flow deficit" for any period means the
5 excess, if any, of expenditures paid and transfers made from the
6 general revenue fund in the period, including payments provided by
7 Section 48.273 [~~42.259~~], Education Code, over taxes and other
8 revenues deposited to the fund in the period, other than revenues
9 deposited pursuant to Section 403.092, that are legally available
10 for the expenditures and transfers.

11 SECTION 3.075. Section 437.117(a), Government Code, is
12 amended to read as follows:

13 (a) For each student enrolled in the Texas ChalleNge
14 Academy, the department is entitled to allotments from the
15 Foundation School Program under Chapter 48 [~~42~~], Education Code, as
16 if the academy were a school district without a tier one local share
17 for purposes of Section 48.266 [~~42.253~~], Education Code.

18 SECTION 3.076. Section 466.355(c), Government Code, as
19 repealed by Chapter 431 (S.B. 559), Acts of the 83rd Legislature,
20 Regular Session, 2013, and amended by Chapter 1410 (S.B. 758), Acts
21 of the 83rd Legislature, Regular Session, 2013, is reenacted and
22 amended to read as follows:

23 (c) Each August the comptroller shall:

24 (1) estimate the amount to be transferred to the
25 foundation school fund on or before September 15; and

26 (2) notwithstanding Subsection (b)(4), transfer the
27 amount estimated in Subdivision (1) to the foundation school fund

1 before August installment payments are made under Section 48.273
2 [~~42.259~~], Education Code.

3 SECTION 3.077. Section 822.201(b), Government Code, is
4 amended to read as follows:

5 (b) "Salary and wages" as used in Subsection (a) means:

6 (1) normal periodic payments of money for service the
7 right to which accrues on a regular basis in proportion to the
8 service performed;

9 (2) amounts by which the member's salary is reduced
10 under a salary reduction agreement authorized by Chapter 610;

11 (3) amounts that would otherwise qualify as salary and
12 wages under Subdivision (1) but are not received directly by the
13 member pursuant to a good faith, voluntary written salary reduction
14 agreement in order to finance payments to a deferred compensation
15 or tax sheltered annuity program specifically authorized by state
16 law or to finance benefit options under a cafeteria plan qualifying
17 under Section 125 of the Internal Revenue Code of 1986, if:

18 (A) the program or benefit options are made
19 available to all employees of the employer; and

20 (B) the benefit options in the cafeteria plan are
21 limited to one or more options that provide deferred compensation,
22 group health and disability insurance, group term life insurance,
23 dependent care assistance programs, or group legal services plans;

24 (4) performance pay awarded to an employee by a school
25 district as part of a total compensation plan approved by the board
26 of trustees of the district and meeting the requirements of
27 Subsection (e);

(5) the benefit replacement pay a person earns under Subchapter H, Chapter 659, except as provided by Subsection (c);

(6) stipends paid to teachers in accordance with former Section 21.410, 21.411, 21.412, or 21.413, Education Code;

(7) amounts by which the member's salary is reduced or that are deducted from the member's salary as authorized by Subchapter J, Chapter 659;

(8) a merit salary increase made under Section 51.962, Education Code;

(9) amounts received under the relevant parts of the educator excellence awards program under Subchapter O, Chapter 21, Education Code, or a mentoring program under Section 21.458, Education Code, that authorize compensation for service;

(10) salary amounts designated as health care supplementation by an employee under Subchapter D, Chapter 22, Education Code; and

(11) to the extent required by Sections 3401(h) and 414(u)(12), Internal Revenue Code of 1986, differential wage payments received by an individual from an employer on or after January 1, 2009, while the individual is performing qualified military service as defined by Section 414(u), Internal Revenue Code of 1986.

SECTION 3.078. Section 1371.001(4), Government Code, is amended to read as follows:

(4) "Issuer" means:

(A) a home-rule municipality that:

(i) adopted its charter under Section 5,

Article XI, Texas Constitution;

(ii) has a population of 50,000 or more; and

(iii) has outstanding long-term indebtedness that is rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for a long-term obligation;

(B) a conservation and reclamation district created and organized as a river authority under Section 52, Article III, or Section 59, Article XVI, Texas Constitution;

(C) a joint powers agency organized and operating under Chapter 163, Utilities Code;

(D) a metropolitan rapid transit authority, regional transportation authority, or coordinated county transportation authority created, organized, or operating under Chapter 451, 452, or 460, Transportation Code;

(E) a conservation and reclamation district organized or operating as a navigation district under Section 52, Article III, or Section 59, Article XVI, Texas Constitution;

(F) a district organized or operating under Section 59, Article XVI, Texas Constitution, that has all or part of two or more municipalities within its boundaries;

(G) a state agency, including a state institution of higher education;

(H) a hospital authority created or operating under Chapter 262 or 264, Health and Safety Code, in a county that:

(i) has a population of more than 3.3 million; or

(ii) is included, in whole or in part, in a standard metropolitan statistical area of this state that includes a county with a population of more than 2.2 million;

(I) a hospital district in a county that has a population of more than two million;

(J) a nonprofit corporation organized to exercise the powers of a higher education loan authority under Section 53B.47(e), Education Code;

(K) a county:

(i) that has a population of 3.3 million or more; or

(ii) that, on the date of issuance of obligations under this chapter, has authorized, outstanding, or any combination of authorized and outstanding, indebtedness of at least \$100 million secured by and payable from the county's ad valorem taxes and the authorized long-term indebtedness of which is rated by a nationally recognized rating agency of securities issued by local governments in one of the four highest rating categories for a long-term obligation;

(L) an independent school district that has an average daily attendance of 50,000 or more as determined under Section 48.005 [~~42.005~~], Education Code;

(M) a municipality or county operating under Chapter 334, Local Government Code;

(N) a district created under Chapter 335, Local Government Code;

(O) a junior college district that has a total

headcount enrollment of 40,000 or more based on enrollment in the most recent regular semester; or

(P) an issuer, as defined by Section 1201.002, that has:

(i) a principal amount of at least \$100 million in outstanding long-term indebtedness, in long-term indebtedness proposed to be issued, or in a combination of outstanding or proposed long-term indebtedness; and

(ii) some amount of long-term indebtedness outstanding or proposed to be issued that is rated in one of the four highest rating categories for long-term debt instruments by a nationally recognized rating agency for municipal securities, without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation.

SECTION 3.079. Section 1431.001(3), Government Code, is amended to read as follows:

(3) "Eligible school district" means an independent school district that has an average daily attendance of 190,000 or more as determined under Section 48.005 [~~42.005~~], Education Code.

SECTION 3.080. Section 2175.304(c), Government Code, is amended to read as follows:

(c) The procedures established under Subsection (b) must give preference to transferring the property directly to a public school or school district or to an assistance organization designated by the school district before disposing of the property in another manner. If more than one public school or school

1 district or assistance organization seeks to acquire the same
2 property on substantially the same terms, the system, institution,
3 or agency shall give preference to a public school that is
4 considered low-performing by the commissioner of education or to a
5 school district that has a taxable wealth per student that entitles
6 the district to an allotment of state funds under Subchapter E [~~F~~],
7 Chapter 48 [~~42~~], Education Code, or to the assistance organization
8 designated by such a school district.

9 SECTION 3.081. Section 221.0071(d), Human Resources Code,
10 is amended to read as follows:

11 (d) A charter school operating under a charter granted under
12 this section is entitled to receive open-enrollment charter school
13 funding under Chapter 48 [~~42~~], Education Code, in the same manner as
14 an open-enrollment charter school operating under Subchapter D,
15 Chapter 12, Education Code.

16 SECTION 3.082. Section 1579.251(a), Insurance Code, is
17 amended to read as follows:

18 (a) The state shall assist employees of participating
19 school districts and charter schools in the purchase of group
20 health coverage under this chapter by providing for each covered
21 employee the amount of \$900 each state fiscal year or a greater
22 amount as provided by the General Appropriations Act. The state
23 contribution shall be distributed through the school finance
24 formulas under Chapters 48 [~~41~~] and 49 [~~42~~], Education Code, and
25 used by school districts and charter schools as provided by
26 Section 48.275 [~~42.260~~], Education Code.

27 SECTION 3.083. Section 1581.053, Insurance Code, is amended

to read as follows:

Sec. 1581.053. USE OF STATE FUNDS. (a) To comply with Section 1581.052, a school district or participating charter school may use state funds received under Chapter 48 [~~42~~], Education Code, other than funds that may be used under that chapter only for a specific purpose.

(b) Notwithstanding Subsection (a), amounts a district or school is required to use to pay contributions under a group health coverage plan for district or school employees under Section 48.275 [~~42.260~~], Education Code, other than amounts described by Section 48.275(c)(2) [~~42.260(c)(2)(B)~~], are not used in computing whether the district or school complies with Section 1581.052.

SECTION 3.084. Section 37.10(c)(2), Penal Code, is amended to read as follows:

(2) An offense under this section is a felony of the third degree if it is shown on the trial of the offense that the governmental record was:

(A) a public school record, report, or assessment instrument required under Chapter 39, Education Code, data reported for a school district or open-enrollment charter school to the Texas Education Agency through the Public Education Information Management System (PEIMS) described by Sections 48.008 and 48.009 [~~Section 42.006~~], Education Code, under a law or rule requiring that reporting, or a license, certificate, permit, seal, title, letter of patent, or similar document issued by government, by another state, or by the United States, unless the actor's intent is to defraud or harm another, in which event the offense is a felony

of the second degree;

(B) a written report of a medical, chemical, toxicological, ballistic, or other expert examination or test performed on physical evidence for the purpose of determining the connection or relevance of the evidence to a criminal action;

(C) a written report of the certification, inspection, or maintenance record of an instrument, apparatus, implement, machine, or other similar device used in the course of an examination or test performed on physical evidence for the purpose of determining the connection or relevance of the evidence to a criminal action; or

(D) a search warrant issued by a magistrate.

SECTION 3.085. Section 39.03(d), Penal Code, is amended to read as follows:

(d) An offense under this section is a Class A misdemeanor, except that an offense is a felony of the third degree if the public servant acted with the intent to impair the accuracy of data reported to the Texas Education Agency through the Public Education Information Management System (PEIMS) described by Sections 48.008 and 48.009 [~~Section 42.006~~], Education Code, under a law requiring that reporting.

SECTION 3.086. Section 21.01, Tax Code, is amended to read as follows:

Sec. 21.01. REAL PROPERTY. Real property is taxable by a taxing unit if located in the unit on January 1, except as provided by Chapter 49 [~~41~~], Education Code.

SECTION 3.087. Sections 21.02(b) and (c), Tax Code, are

1 amended to read as follows:

2 (b) Tangible personal property having taxable situs at the
3 same location as real property detached from a school district and
4 annexed by another school district under Chapter 49 [~~41~~], Education
5 Code, is taxable in the tax year in which the detachment and
6 annexation occurs by the same school district by which the real
7 property is taxable in that tax year under Chapter 49 [~~41~~],
8 Education Code. For purposes of this subsection and Chapter 49
9 [~~41~~], Education Code, tangible personal property has taxable situs
10 at the same location as real property detached and annexed under
11 Chapter 49 [~~41~~], Education Code, if the detachment and annexation
12 of the real property, had it occurred before January 1 of the tax
13 year, would have changed the taxable situs of the tangible personal
14 property determined as provided by Subsection (a) from the school
15 district from which the real property was detached to the school
16 district to which the real property was annexed.

17 (c) Tangible personal property has taxable situs in a school
18 district that is the result of a consolidation under Chapter 49
19 [~~41~~], Education Code, in the year in which the consolidation occurs
20 if the property would have had taxable situs in the consolidated
21 district in that year had the consolidation occurred before January
22 1 of that year.

23 SECTION 3.088. Section 25.25(k), Tax Code, is amended to
24 read as follows:

25 (k) The chief appraiser shall change the appraisal records
26 and school district appraisal rolls promptly to reflect the
27 detachment and annexation of property among school districts under

1 Subchapter C or G, Chapter 49 [~~41~~], Education Code.

2 SECTION 3.089. Section 311.013(n), Tax Code, is amended to
3 read as follows:

4 (n) This subsection applies only to a school district whose
5 taxable value computed under Section 403.302(d), Government Code,
6 is reduced in accordance with Subdivision (4) of that
7 subsection. In addition to the amount otherwise required to be
8 paid into the tax increment fund, the district shall pay into the
9 fund an amount equal to the amount by which the amount of taxes the
10 district would have been required to pay into the fund in the
11 current year if the district levied taxes at the rate the district
12 levied in 2005 exceeds the amount the district is otherwise
13 required to pay into the fund in the year of the reduction. This
14 additional amount may not exceed the amount the school district
15 receives in state aid for the current tax year under Section 48.253
16 [~~42.2514~~], Education Code. The school district shall pay the
17 additional amount after the district receives the state aid to
18 which the district is entitled for the current tax year under
19 Section 48.253 [~~42.2514~~], Education Code.

20 SECTION 3.090. Section 312.002(g), Tax Code, is amended to
21 read as follows:

22 (g) "Taxing unit" has the meaning assigned by Section 1.04,
23 except that for a tax abatement agreement executed on or after
24 September 1, 2001, the term does not include a school district that
25 is subject to Chapter 48 [~~42~~], Education Code, and that is organized
26 primarily to provide general elementary and secondary public
27 education.

SECTION 3.091. Section 312.210(b), Tax Code, is amended to read as follows:

(b) A tax abatement agreement with the owner of real property or tangible personal property that is located in the reinvestment zone described by Subsection (a) and in a school district that has a local revenue level [~~wealth per student~~] that does not exceed the [~~equalized wealth~~] level established under Section 48.257 must exempt from taxation:

(1) the portion of the value of the property in the amount specified in the joint agreement among the municipality, county, and junior college district; and

(2) an amount equal to 10 percent of the maximum portion of the value of the property that may under Section 312.204(a) be otherwise exempted from taxation.

SECTION 3.092. Section 313.027(i), Tax Code, is amended to read as follows:

(i) A person and the school district may not enter into an agreement under which the person agrees to provide supplemental payments to a school district or any other entity on behalf of a school district in an amount that exceeds an amount equal to the greater of \$100 per student per year in average daily attendance, as defined by Section 48.005 [~~42.005~~], Education Code, or \$50,000 per year, or for a period that exceeds the period beginning with the period described by Section 313.021(4) and ending December 31 of the third tax year after the date the person's eligibility for a limitation under this chapter expires. This limit does not apply to amounts described by Subsection (f)(1) or (2).

ARTICLE 4. REPEALER

SECTION 4.001. (a) The following provisions of the Education Code are repealed:

- (1) Section 7.102(c)(5);
- (2) Section 21.0481;
- (3) Section 21.0482;
- (4) Section 21.0483;
- (5) Section 21.0484;
- (6) Section 21.410;
- (7) Section 21.411;
- (8) Section 21.412;
- (9) Section 21.413;
- (10) Section 21.458(c);
- (11) Sections 28.006(d-1) and (e);
- (12) Section 29.097;
- (13) Section 29.098;
- (14) Section 29.165;
- (15) Section 29.166;
- (16) Sections 29.203(g)(1) and (3);
- (17) Section 39.233;
- (18) Section 39.234;
- (19) the headings to Chapters 41 and 42;
- (20) the heading to Subchapter A, Chapter 41;
- (21) Section 41.002;
- (22) Section 41.0041;
- (23) the heading to Subchapter D, Chapter 41;
- (24) Section 41.0931;

- 1 (25) Section 41.098;
- 2 (26) the heading to Subchapter E, Chapter 41;
- 3 (27) the heading to Subchapter A, Chapter 42;
- 4 (28) the heading to Section 42.006;
- 5 (29) Section 42.007;
- 6 (30) the heading to Subchapter B, Chapter 42;
- 7 (31) Section 42.102;
- 8 (32) Section 42.103;
- 9 (33) Section 42.104;
- 10 (34) the heading to Subchapter C, Chapter 42;
- 11 (35) Section 42.1541;
- 12 (36) Section 42.156;
- 13 (37) Section 42.160;
- 14 (38) the heading to Subchapter E, Chapter 42;
- 15 (39) Section 42.2513;
- 16 (40) Section 42.2517;
- 17 (41) Section 42.2518;
- 18 (42) Section 42.262;
- 19 (43) the headings to Subchapters F and G, Chapter 42;
- 20 and
- 21 (44) Section 42.352.

22 (b) Sections 322.008(b) and 403.302(m), Government Code,
23 are repealed.

- 24 (c) The following provisions of the Tax Code are repealed:
- 25 (1) Sections 26.08(o) and (p); and
 - 26 (2) Section 312.210(c).

27 ARTICLE 5. TRANSITION; CONFLICT OF LAW

1 SECTION 5.001. (a) Except as provided by Subsection (b) or
2 (c) of this section, Article 2 of this Act applies beginning with
3 the 2019-2020 school year.

4 (b) Section 28.006, Education Code, as amended by this Act,
5 applies beginning with the 2020-2021 school year.

6 (c) Section 28.025, Education Code, as amended by this Act,
7 and Section 28.0256, Education Code, as added by this Act, apply
8 beginning with students enrolled at the 12th grade level during the
9 2021-2022 school year.

10 SECTION 5.002. Except as otherwise provided by this Act,
11 Section 26.08, Tax Code, as amended by this Act, applies beginning
12 with the 2019 tax year. A school district is required to calculate
13 the district's rollback tax rate for the 2019 tax year in the manner
14 provided by Section 26.08, Tax Code, as amended by this Act,
15 regardless of whether the district has already calculated that rate
16 or adopted a tax rate for the 2019 tax year before September 1,
17 2019.

18 SECTION 5.003. As soon as practicable after September 1,
19 2019:

20 (1) the State Board for Educator Certification shall
21 develop the Internet portal required by Section 21.006(g-1),
22 Education Code, as added by this Act; and

23 (2) the Texas Education Agency shall develop the
24 Internet portal required by Section 22.095, Education Code, as
25 added by this Act.

26 SECTION 5.004. The Texas Education Agency shall establish
27 the registry of persons who are not eligible to be employed by a

1 school district, district of innovation, open-enrollment charter
2 school, other charter entity, regional education service center, or
3 shared services arrangement, as required by Section 22.092,
4 Education Code, as added by this Act, as soon as practicable after
5 September 1, 2019, and not later than January 1, 2020.

6 SECTION 5.005. The State Board for Educator Certification
7 may not issue a new or renew a master teacher certificate issued
8 under Section 21.0481, 21.0482, 21.0483, or 21.0484, Education
9 Code, on or after the effective date of this Act.

10 SECTION 5.006. Not later than August 1, 2020, the Texas
11 Education Agency shall submit the initial report required under
12 Section 29.1544, Education Code, as added by this Act.

13 SECTION 5.007. Notwithstanding any provision of the
14 Education Code, for the 2019 tax year, a school district that took
15 action to comply with publication requirements under Section
16 44.004, Education Code, before the effective date of this Act may
17 amend the district's previously published notices to comply with
18 the changes made to the district's permissible and proposed tax
19 rates as a result of this Act by posting those changes on the
20 district's Internet website. A school district that complied with
21 the law in effect at the time of the district's original publication
22 may hold the district's scheduled public hearing as originally
23 published.

24 SECTION 5.008. Not later than December 1, 2020, each school
25 district shall submit to the legislature a report on salary or wage
26 increases provided to district employees under Section 48.051(c),
27 Education Code, as added by this Act, for the 2019-2020 school year.

1 The report must include for each salary or wage increase:

2 (1) the employee's position at the school district;
3 and

4 (2) the amount of the increase.

5 SECTION 5.009. As soon as practicable after the effective
6 date of Section 48.1021, Education Code, as added by this Act, the
7 commissioner of education shall establish and appoint members to
8 the advisory committee required under that section.

9 SECTION 5.010. (a) Notwithstanding any other law, to secure
10 the best value for the state and ensure the best design, operation,
11 and implementation of assessment instruments, the Texas Education
12 Agency may:

13 (1) provide an additional period for all respondents
14 to provide new proposals for the assessment solicitations posted in
15 2019; and

16 (2) extend the current assessment contracts through
17 the end of the state fiscal biennium ending August 31, 2021.

18 (b) This section expires September 1, 2021.

19 SECTION 5.011. (a) The State Board for Educator
20 Certification is required to implement a provision of Article 2A of
21 this Act only if the legislature appropriates money specifically
22 for that purpose. If the legislature does not appropriate money
23 specifically for that purpose, the board may, but is not required
24 to, implement a provision of Article 2A of this Act using other
25 appropriations available for that purpose.

26 (b) The Texas Education Agency is required to implement a
27 provision of Article 2A of this Act only if the legislature

1 appropriates money specifically for that purpose. If the
2 legislature does not appropriate money specifically for that
3 purpose, the agency may, but is not required to, implement a
4 provision of Article 2A of this Act using other appropriations
5 available for that purpose.

6 SECTION 5.012. If any provision of this Act or its
7 application to any person or circumstance is held invalid, the
8 invalidity does not affect other provisions or applications of this
9 Act that can be given effect without the invalid provision or
10 application, and to this end the provisions of this Act are declared
11 to be severable.

12 SECTION 5.013. To the extent of any conflict, this Act
13 prevails over another Act of the 86th Legislature, Regular Session,
14 2019, regardless of the relative dates of enactment.

15 ARTICLE 6. EFFECTIVE DATE

16 SECTION 6.001. (a) Except as otherwise provided by this
17 section or as otherwise provided by this Act, this Act takes effect
18 September 1, 2019.

19 (b) Section 11.184, Education Code, as added by this Act,
20 takes effect January 1, 2020.

21 (c) Section 47.006, Education Code, as added by this Act,
22 takes effect only if H.B. 1525 or similar legislation of the 86th
23 Legislature, Regular Session, 2019, relating to the administration
24 and collection of sales and use taxes applicable to sales involving
25 marketplace providers is enacted and becomes law.

26 (d) Subject to Subsection (c) of this section, Chapter 47,
27 Education Code, as added by this Act, takes effect January 1, 2020.

1 (e) Sections 48.1021 and 48.1041, Education Code, as added
2 by this Act, take effect immediately if this Act receives a vote of
3 two-thirds of all the members elected to each house, as provided by
4 Section 39, Article III, Texas Constitution. If this Act does not
5 receive the vote necessary for Sections 48.1021 and 48.1041,
6 Education Code, as added by this Act, to have immediate effect,
7 those sections take effect September 1, 2019.

8 (f) Article 2 and Section 5.010 of this Act take effect
9 immediately if this Act receives a vote of two-thirds of all the
10 members elected to each house, as provided by Section 39, Article
11 III, Texas Constitution. If this Act does not receive the vote
12 necessary for immediate effect, Article 2 and Section 5.010 of this
13 Act take effect September 1, 2019.